



# MasterCard Rules

28 May 2015

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# Notices

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## Summary of Changes, 28 May 2015

The below table reflects changes included in this update of the *MasterCard Rules* manual. For more information about changes to the Rules, see the MasterCard Rules Report in the “Rules and Policies” section of the Publications tool on MasterCard Connect™.

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### Description of Change

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#### Chapter 12—Europe Region

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##### Definitions

Added update effective date of 1 July 2015 to definition of “Intra-European Transaction.” Added subheading for definitions effective 1 July 2015.

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##### Definitions

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Corrected the following term:

- **Terminal**
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## Summary of Changes, 14 May 2015

The below table reflects changes included in this update of the *MasterCard Rules* manual. For more information about changes to the Rules, see the MasterCard Rules Report in the “Rules and Policies” section of the Publications tool on MasterCard Connect™.

Description of Change	For more information, refer to...
<a href="#">Applicability of Rules in this Manual</a>	“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin</i> No. 1, 2 January 2015
<b>Chapter 1—The License and Participation</b>	
<a href="#">1.2 MasterCard Anti-Money Laundering Program</a>	“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin</i> No. 1, 2 January 2015
<a href="#">1.7 Area of Use of the License</a>	
<a href="#">1.9 Participation in Activity and Digital Activity</a>	
<a href="#">1.9.2 Participation and License or Digital Activity Agreement Not Transferable</a>	
<a href="#">1.12 Change of Control of Customer or Portfolio</a>	
<a href="#">1.13 Termination</a>	
<a href="#">1.13.1 Voluntary Termination</a>	
<a href="#">1.13.2 Termination by the Corporation</a>	
<a href="#">1.13.4 Rights, Liabilities, and Obligations of a Terminated Customer</a>	
Modified Rules to incorporate references to Digital Activity and the Digital Activity Customer type.	

<b>Description of Change</b>	<b>For more information, refer to...</b>
<p><b>1.7.2 Extension of the Area of Use Exceptions</b></p> <p>Removed Area of Use exceptions relating to Card-not-present Merchant acquiring.</p>	<p>“Revised Standards for the Merchant Location, Merchant Disclosure, and Area of Use,” <i>Global Operations Bulletin</i> No. 10, 1 October 2014</p>
<p><b>Chapter 2—Standards and Conduct of Activity and Digital Activity</b></p>	
<p><b>2.1 Standards</b></p> <p><b>2.2 Conduct of Activity and Digital Activity</b></p> <p><b>2.2.1 Customer Responsibilities</b></p> <p><b>2.3 Indemnity and Limitation of Liability</b></p> <p><b>2.4 Choice of Laws</b></p>	<p>“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin</i> No. 1, 2 January 2015</p>
<p>Modified Rules to incorporate references to Digital Activity and the Digital Activity Customer type.</p>	
<p><b>Chapter 3—Customer Obligations</b></p>	
<p><b>3.12.1 Customer Evaluation of MasterCard Technology</b></p> <p>Added new Rule relating to Customer evaluation of “MasterCard Specifications.”</p>	<p>“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin</i> No. 1, 2 January 2015</p>
<p><b>Chapter 4—Use of the Marks</b></p>	
<p><b>4.7.9 Use on Cards</b></p> <p>Incorporated the new term “Multi-Account Chip Card.”</p>	<p>“New Card Design Standards for U.S. Region Multi-Account Chip Cards,” <i>Global Operations Bulletin</i> No. 11, 3 November 2014</p>

Description of Change	For more information, refer to...
<b>Chapter 5—Acquiring</b>	
<p data-bbox="261 422 1052 453"><b>5.2 Merchant and Submerchant Compliance with the Standards</b></p> <p data-bbox="261 474 553 506">Added the following text:</p> <p data-bbox="261 527 1159 688">The Acquirer must not support any Merchant or Submerchant action having a purpose or effect of evading detection by the Corporation’s fraud monitoring and other compliance thresholds set forth in the Standards, including but not limited to “load balancing” (that is, the distribution of Transactions between or among Merchant ID numbers in order to avoid minimum thresholds).</p>	<p data-bbox="1179 422 1422 657">“Revised Standards for Merchant and Submerchant Compliance,” <i>Global Operations Bulletin</i> No. 12, 1 December 2014</p>
<p data-bbox="261 722 542 753"><b>5.4 Merchant Location</b></p> <p data-bbox="261 774 732 806"><b>5.4.1 Disclosure of Merchant Location</b></p> <p data-bbox="261 827 688 858"><b>5.6 Responsibility for Transactions</b></p>	<p data-bbox="1179 722 1414 989">“Revised Standards for the Merchant Location, Merchant Disclosure, and Area of Use,” <i>Global Operations Bulletin</i> No. 10, 1 October 2014</p>
<p data-bbox="261 1016 927 1047"><b>5.7.1 Card Acceptor Business Code (MCC) Information</b></p> <p data-bbox="261 1068 1089 1167">Introduced new merchant category codes: MCCs 5815 (Digital Goods - Audiovisual Media), 5816 (Digital Goods - Games), 5817 (Digital Goods - Software Applications), 5818 (Digital Goods - Multi-category).</p>	<p data-bbox="1179 1016 1406 1220">“Revised Standards for New Merchant Category Codes,” <i>Global Operations Bulletin</i> No. 11, 3 November 2014</p>
<b>Chapter 6—Issuing</b>	
<p data-bbox="261 1293 651 1325"><b>6.1.1 MasterCard Card Issuance</b></p> <p data-bbox="261 1346 1110 1444">Added Rule requiring Issuers to ensure that each contactless-enabled MasterCard Card and Access Device newly issued or re-issued on or after 1 October 2015 is personalized with the appropriate device type value.</p>	<p data-bbox="1179 1293 1422 1461">“Revised Standards for Contactless Transactions,” <i>Global Operations Bulletin</i> No. 3, 2 March 2015</p>

Description of Change	For more information, refer to...
<p><b>6.1 Card Issuance—General Requirements</b></p> <p><b>6.1.3 Cirrus Card Issuance</b></p> <p><b>6.1.5 Cardholder Communications</b></p> <p><b>6.6.1 Proprietary Account Access</b></p> <p><b>6.7.2 Use of BVT and Proprietary Accounts on a MasterCard Card</b></p> <p><b>6.7.1 Remote Transaction Account Requirements</b></p> <p><b>6.9 Youth Card Programs</b></p> <p><b>6.9.1 Solicitation and Disclosure Requirements</b></p> <p><b>6.10 Prepaid Card Programs</b> (all subsections are renumbered)</p> <p><b>6.10.1 Prior Consent of the Corporation</b></p> <p><b>6.10.6 Value Loading</b></p> <p><b>6.10.7 Communication and Marketing Materials</b></p> <p><b>6.10.9 BINs</b></p> <p><b>6.11 Maestro Chip-only Card Programs—Europe Region Only</b> (renumbered)</p> <p>Eliminated Special Issuer Program registration requirement for all program types except prepaid card programs. Deleted 6.5 Special Issuer Programs—General Requirements and subsections; some text has been incorporated into other sections.</p>	<p>“Revised Standards for Special Issuer Programs,” <i>Global Operations Bulletin</i> No. 4, 1 April 2015</p>
<b>Chapter 7—Service Providers</b>	
<p><b>7.1 Service Provider Categories</b></p> <p><b>7.1.5 Digital Activity Service Provider</b></p> <p><b>7.2.3 Program Service Agreement</b></p> <p><b>7.14 Registration Requirements for Digital Activity Service Providers</b></p> <p>Added new and modified Rules relating to Digital Activity Service Providers.</p>	<p>“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin</i> No. 1, 2 January 2015</p>

Description of Change	For more information, refer to...
<p><b>7.6.6 High-Risk Payment Facilitators</b></p> <p>Added high-risk cyberlocker Merchants (MCC 4816); registration required effective 15 September 2015.</p>	<p>“Addition of Cyberlockers to the BRAM Program and Revised Standards for Cyberlocker Merchant Registration,” <i>Global Operations Bulletin No. 4</i>, 1 April 2015.</p>
<p><b>Chapter 9—Digital Activity (new chapter)</b></p>	
<p><b>Digital Activity Rules</b></p> <p><b>Applicability of these MasterCard Rules</b></p> <p><b>1.1 Eligibility to be a Customer</b></p> <p><b>1.1.3 Digital Activity Customer</b></p> <p><b>1.8 The Digital Activity Agreement</b></p> <p><b>1.9 Participation in Activity and Digital Activity</b></p> <p><b>3.12 Confidential Information of the Corporation and the Corporation’s Affiliates</b></p> <p><b>3.16 Responsibility for Digital Activity—Wallet Token Requestors</b></p> <p><b>3.16.1 Wallet Token Requestor Requirements</b></p> <p><b>3.16.2 Wallet Token Requestor Obligations</b></p> <p>Added new Rules relating to Digital Activity and the Digital Activity Customer type.</p>	<p>“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin No. 1</i>, 2 January 2015</p>
<p><b>1.1.3 Digital Activity Customer</b></p> <p>Clarified the Digital Activity Customer eligibility criteria.</p>	<p>“Revised Standards for the Digital Activity Customer Type,” <i>Global Operations Bulletin No. 4</i>, 1 April 2015</p>
<p><b>Chapter 10—Asia/Pacific Region</b></p>	



<b>Description of Change</b>	<b>For more information, refer to...</b>
<p><b>3.13 Data Protection</b></p> <p>Added new Rule relating to data privacy and data protection.</p>	<p>"Revision of Data Privacy and Data Protection Rules," <i>Asia/Pacific Operations Bulletin</i> No. 8, 10 December 2014 and <i>Middle East/Africa Region Operations Bulletin</i> No. 1, 10 December 2014</p>
<b>Chapter 12—Europe Region</b>	
<p><b>Applicability of Rules</b></p> <p><b>Definitions</b></p> <p><b>2.1.8.1 Order of Precedence</b></p> <p>Added new and revised geographic definitions and use within the Europe Region Rules; clarifications to the country affiliation of certain islands and territories. Changes effective 1 July 2015.</p>	<p>"Revised Standards—Clarifying SEPA and Non-SEPA Classifications," <i>Europe Region Operations Bulletin</i> No. 1a, 9 January 2015</p>
<p><b>1.7 Area of Use of the License</b></p> <p>Clarified that, with the new EEA license, an ICA per country is required for ATM acquiring. A single ICA may be used for merchant acquiring in one or more countries under an EEA license, in alignment with the central acquiring model. Changes effective 1 July 2015.</p>	<p>"ICA Assignment for ATM Acquiring in the EEA—Clarification," <i>Europe Region Operations Bulletin</i> No. 4, 1 April 2015</p>
<p><b>1.7.3 Central Acquiring</b></p> <p><b>1.7.3.4 Centrally Acquired Merchants</b></p> <p><b>1.7.3.6 Extension of Registration</b></p> <p>Effective 1 July 2015, the Russian Federation is excluded from central acquiring.</p>	<p>"Revised Standards—Removal of Russia from the Central Acquiring Program," <i>Europe Region Operations Bulletin</i> No. 4, 1 April 2015</p>
<p><b>3.13 Data Protection</b></p> <p>Added text stating that defined terms in the Rule apply only in the Europe Region.</p>	<p>"Revision of Data Privacy and Data Protection Rules," <i>Asia/Pacific Operations Bulletin</i> No. 8, 10 December 2014</p>

Description of Change	For more information, refer to...
<p><b>6.5 Affinity and Co-Brand Card Programs</b></p> <p>Moved Europe Region variation to this section from Rule 6.5.2 Reservation of Rights.</p>	<p>“Revised Standards for Special Issuer Programs,” <i>Global Operations Bulletin</i> No. 4, 1 April 2015</p>
<p><b>5.3.3 Provide Information—EEA Only</b></p> <p><b>5.11.2 Charges to Cardholders</b></p> <p>Removed Rule variation on Merchant surcharging in the European Economic Area (EEA); Merchants must comply with applicable law.</p>	<p>“Revised Standards—Merchant Surcharging in the EEA,” <i>Europe Region Operations Bulletin</i> No. 12, 1 December 2014. Chapter 12, Rule</p>
<p><b>8.4 Establishment of Intracountry Interchange and Service Fees</b></p> <p>Added Rule variation to no longer allow the setting of default domestic interchange and service fees by Customer agreement in EEA countries.</p>	<p>“Revised Standards—Setting Domestic Interchange and Service Fees in the EEA,” <i>Europe Region Operations Bulletin</i> No. 12, 1 December 2014</p>
<p><b>Chapter 14—Middle East/Africa Region</b></p>	
<p><b>3.13 Data Protection</b></p> <p>Added new Rule relating to data privacy and data protection.</p>	<p>“Revision of Data Privacy and Data Protection Rules,” <i>Middle East/Africa Region Operations Bulletin</i> No. 1, 10 December 2014</p>
<p><b>Chapter 15—United States Region</b></p>	

Description of Change	For more information, refer to...
<p><b>3.7 Integrity of Brand and Network</b></p> <p><b>5.7.1 Card Acceptor Business Code (MCC) Information</b></p> <p>Introduced new U.S. Region-only merchant category codes: MCCs 7800 (Government Owned Lottery), 7801 (Internet Gambling), 7802 (Government Licensed Horse/Dog Racing).</p>	<p>"Revised Standards for New Merchant Category Codes," <i>Global Operations Bulletin</i> No. 11, 3 November 2014 and "Gambling Merchant Category Codes—Clarification," <i>Global Operations Bulletin</i> No. 3, 2 March 2015</p>
<p><b>Appendix A—Geographic Regions</b></p>	
<p><b>Europe Region</b></p> <p>Added Non-Single European Payments Area (SEPA) section; added countries to SEPA list and clarified the country affiliation of certain islands and territories.</p>	<p>"Revised Standards—Clarifying SEPA and Non-SEPA Classifications," <i>Europe Region Operations Bulletin</i> No. 1a, 9 January 2015</p>
<p><b>Definitions</b></p>	
<p>Added the following term:</p> <ul style="list-style-type: none"> <li>• <b>Multi-account Chip Card</b></li> </ul>	<p>"New Card Design Standards for U.S. Region Multi-Account Chip Cards," <i>Global Operations Bulletin</i> No. 11, 3 November 2014</p>

Description of Change	For more information, refer to...
<p>Added or modified the following terms:</p> <ul style="list-style-type: none"> <li>• <b>Activity(ies)</b></li> <li>• <b>Credentials Management System</b></li> <li>• <b>Customer</b></li> <li>• <b>Customer Report</b></li> <li>• <b>Digital Activity(ies)</b></li> <li>• <b>Digital Activity Customer</b></li> <li>• <b>Digital Activity Service Provider</b></li> <li>• <b>Identification &amp; Verification (ID&amp;V)</b></li> <li>• <b>MasterCard Cloud-Based Payments</b></li> <li>• <b>MasterCard Digital Enablement Service</b></li> <li>• <b>Participation</b></li> <li>• <b>Program</b></li> </ul>	<p>“Revised Standards Introducing the Digital Activity Customer Type and Digital Activity Service Provider Category,” <i>Global Operations Bulletin</i> No. 1, 2 January 2015</p>

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## MasterCard Standards

MasterCard is dedicated to making payments safe, simple and smart. We have a set of standards (“the Standards”) in support of this mission that provides our Customers with clear direction as to their responsibilities. The Standards include the information contained in this *MasterCard Rules* manual and other manuals, along with guides, bulletins and policies that may be updated from time to time.

The Standards enable growth for MasterCard and for our Customers while ensuring integrity and reliability. They are developed under a set of principles that guide us in our actions and provide a framework under which we operate.

MasterCard and its Customers:

*Uphold the value of the MasterCard brands as the choice of payment for consumers, businesses and merchants.* Consumers, businesses and merchants have multiple payment options to use and to accept. MasterCard and its Customers operate so as to uphold the value of the MasterCard brands so that our products will be adopted and chosen by these end users.

*Act with financial integrity and in compliance with the Standards and the law.* Operating programs in a manner that is financially sound, in compliance with the Standards and the law helps us manage risk to MasterCard and to our Customers.

*Engage in rigorous fraud management practices.* Ensuring that transactions are conducted securely is of the utmost importance. MasterCard and its Customers leverage best-in-class technology and business practices in order to make transactions safe.

*Manage systems and programs to support interoperability.* The ability to process transactions at a global and local level is a key feature of the MasterCard network. Customers manage their systems and programs to enable the seamless acceptance and processing of MasterCard transactions.

## Applicability of Rules in this Manual

This manual contains Rules for the MasterCard, Maestro and Cirrus brands. The Rules relate to Activity conducted pursuant to a License that MasterCard grants to a Customer for use of one or more of these brands and/or to conduct Digital Activity. If a particular brand or brands is not mentioned in a Rule, then the Rule applies to all three brands.

This manual also contains Rules for the MasterCard Electronic and MasterCard Mobile brands. The Rules for these brands apply only to those Customers Licensed to use either or both of these brands.

The below table describes the applicability of the Rules for particular types of Transactions. Please note that the term "POS Transaction" refers to a Transaction that occurs at a Merchant location, whether in a Card-present environment at an attended or unattended POS Terminal, or in a Card-not-present environment. In a Card-not-present environment, this may include electronic commerce ("e-commerce"), mail order, phone order, or recurring payment Transactions.

Refer to the *Transaction Processing Rules* manual for brand-specific Rules relating to acceptance in Card-present and Card-not-present environments and the processing of particular Transaction types.

<b>Rules relating to...</b>	<b>Apply to...</b>
MasterCard POS Transactions	A POS Transaction conducted with a MasterCard Card.
Maestro POS Transactions	A POS Transaction conducted with: <ul style="list-style-type: none"> <li>• A Maestro Card, or</li> <li>• A MasterCard Card issued using a BIN identified by the Corporation as "Debit MasterCard" and routed to the MasterCard Single Message System.</li> </ul>
ATM Transactions	A Transaction conducted with a MasterCard, Maestro, or Cirrus Card at an ATM Terminal and routed to the Interchange System.
Manual Cash Disbursement Transactions	A cash withdrawal Transaction conducted at a Customer financial institution teller with: <ul style="list-style-type: none"> <li>• A MasterCard Card, or</li> <li>• A Maestro or Cirrus Card at a PIN-based In-Branch Terminal and routed to the Interchange System.</li> </ul>
MasterCard Electronic Transactions	A POS Transaction conducted with a MasterCard Electronic Card at a MasterCard Electronic Merchant.

<b>Rules relating to...</b>	<b>Apply to...</b>
MasterCard Mobile Remote Payment (MMRP) Transactions	A POS Transaction performed by an enrolled consumer using a mobile device registered by the Issuer or its Service Manager and having MasterCard Mobile Remote Payment functionality. The consumer, as a MasterCard or Maestro Cardholder, initiates and authenticates payments by entering a PIN or mobile-specific credentials on the mobile device.
Payment Transactions	A Transaction that transfers funds to an Account. A Payment Transaction is not a credit that reverses a previous purchase. Includes MasterCard® MoneySend™ Payment Transactions.

### **Modifying Words and Acronyms**

From time to time, the meanings of the above terms are modified by the addition of another word or acronym. For example, a Debit MasterCard POS Transaction means a Transaction resulting from the use of a Debit MasterCard Card at the point of sale (POS). However, for ease of use, not every modifying term is defined. While MasterCard alone interprets and enforces its Rules and other Standards, these *MasterCard Rules* endeavor to use defined terms and other terms and terminology in a plain manner that will be generally understood in the payments industry.

### **Variations and Additions to the Rules for a Geographic Area**

Variations and/or additions (“modifications”) to the Rules are applicable in geographic areas, whether a country, a number of countries, a region, or other area. In the event of a conflict between a Rule and a modification of that Rule, the modification is afforded precedence and is applicable. The Rules set forth in this manual are Standards and MasterCard has the sole right to interpret and enforce the Rules and other Standards.

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# Chapter 1 The License and Participation

*This chapter contains Rules relating to the License and participation in Activity.*

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## 1.1 Eligibility to be a Customer

---

An entity eligible to be a Customer may apply to become a Customer. No entity may participate in Activity until that entity is approved to be a Customer, has executed the applicable Licenses for the proposed Activity in a form acceptable to the Corporation, and has paid all associated fees and other costs.

**NOTE: A modification to this Rule appears in the “Digital Activity” chapter.**

The following types of entities are eligible to be a Customer.

### 1.1.1 Principal or Affiliate

A financial institution or other legal entity authorized to engage in financial transactions in accordance with the laws and government regulations of the country (or any subdivision thereof) in which it is organized or principally engaged in business may apply to be a Principal or an Affiliate. Any such financial institution or other legal entity must also have the requisite right, power, and authority, corporate and otherwise, to be a Customer of this Corporation and to engage in the proposed Activity, and must have submitted business plans acceptable to the Corporation in accordance with the Standards, including without limitation, Rule 2.2.1.

For purposes of this Rule 1.1.1, “financial transactions” means the making of commercial or consumer loans, the extension of credit, the taking of consumer or commercial deposits, the establishment of prepaid accounts and issuance of electronic money or stored value, or the execution of related payment transactions, including effecting such transactions with payment cards or other access devices or methods.

A financial institution applicant must be regulated and supervised by one or more governmental authorities or agencies authorized and empowered to establish or enforce rules regarding financial transactions and the financial condition, activities, and practices of entities engaging in financial transactions. Any other applicant must satisfy such eligibility criteria as the Corporation may adopt from time to time, consistent with the promotion of safe and sound practices, on a regional, country-by-country or other basis. The decision to admit an applicant as a Principal or Affiliate of the Corporation is made at the sole discretion of the Corporation.

### 1.1.2 Association

Any legal entity that is Controlled by one or more financial institutions eligible and approved to be a Customer as described in Rule 1.1.1 and that proposes to engage in MasterCard Activity on behalf of one or more of those Customers may apply to be an Association. Any such entity must have the requisite right, power, and authority, corporate and otherwise, to be a Customer of this Corporation, must have submitted business plans acceptable to the Corporation in accordance with the Standards, including without limitation, Rule 2.2.1. The decision to admit an entity as an Association of the Corporation is made at the sole discretion of the Corporation.

### 1.1.3 Digital Activity Customer

**NOTE: A Rule on this subject appears in the “Digital Activity” chapter.**

## 1.2 MasterCard Anti-Money Laundering Program

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A License application must be accompanied by affirmative evidence satisfactory to the Corporation that the applicant is in compliance with the MasterCard Anti-Money Laundering Program (the “AML Program”).

The AML Program requires that each Customer conducting or proposing to conduct issuing and/or acquiring Activity have policies, procedures, and controls in place to protect against the use of MasterCard systems for money laundering and terrorist financing. Such policies, procedures, and controls must apply to all Activity and include, at minimum, all of the following:

1. Thorough client identification
2. Thorough client due diligence
3. Record-keeping of such identification and due diligence
4. Appropriate limitations on anonymous activities
5. Client activity monitoring to detect suspicious activity
6. Steps to be taken when suspicious activity is detected
7. An audit process to test controls
8. Compliance with U.S. sanctions programs, which require that:
  - a. Each Cardholder, Merchant and agent is checked against the Specially Designated Nationals and Blocked Persons List (the “SDN List”) issued by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), at the time the relationship is established and on an ongoing basis. Any Activity with a person or entity found to be on the SDN List is immediately terminated; and
  - b. No Activity is conducted in a country subject to OFAC sanctions programs that impact payment services, or with the government of such a country.

The Corporation has exclusive authority to determine at any time whether an applicant or a Customer is in compliance with the AML Program. Each applicant to be a Customer and each Customer must cooperate with the periodic reviews and any other efforts undertaken by the Corporation to evaluate such applicant’s or Customer’s compliance with the AML Program. As part of a periodic review, the Corporation may subject a Customer to enhanced due diligence procedures which may include on-site examinations and/or the use of a third party reviewer. Any such examination is at the expense of the Customer, and a copy of the examination results must be provided promptly to the Corporation upon request.

### 1.3 Satisfaction of Minimum Financial Requirements

---

Each Customer at all times must satisfy the minimum financial requirements established by the Corporation from time to time. The Corporation, in its discretion, may establish different or additional financial requirements for (i) a category of financial institutions, organizations, or corporations or other entities that are eligible to become a Customer, or (ii) an individual Customer or prospective Customer in the manner set forth in the Standards should the Corporation determine that different or additional requirements are reasonably appropriate to evidence the financial integrity of a type of Customer or an individual Customer or prospective Customer.

Such requirements may include both objective standards, such as the measurement of capital adequacy, and subjective standards, such as evaluating key management experience and ability, the area in which the Customer engages in business, and the manner in which such business is conducted.

### 1.4 Special Conditions of Participation, License or Activity

---

The Corporation may condition Participation, the grant of any License, or the conduct of Activity on compliance by the Customer with special conditions, such as the establishment of escrow arrangements, the delivery of letters of credit, or other arrangements that the Corporation deems necessary or appropriate to maintain the integrity of the MasterCard system, including but not limited to conditions imposed pursuant to the MasterCard AML Program.

The Corporation has the right at any time to require that a Customer enter into a security arrangement with the Corporation. If a Customer does not enter into a security arrangement with the Corporation that is satisfactory to the Corporation, the Corporation has the right at any time to collect from the Customer, in addition to any amount otherwise due and payable by the Customer to the Corporation or to other Customers, such additional amount from the Customer as collateral as the Corporation deems appropriate. The Corporation has the right to collect any such additional amount by any means available to the Corporation including by way of example and not limitation:

1. By taking any funds deposited by any persons from any account that the Corporation is authorized to draw upon for any purpose.
2. By taking any funds due to such Customer from other Customers.
3. By taking any funds being paid by such Customer to other Customers.

In each case in which the Corporation takes any such collateral, the Corporation has the right to take ownership of all or any part of such collateral (such as by placing funds taken in an account in the Corporation's name as a secured party) and to apply such collateral as payment toward any obligation of the Customer in accordance with the Standards.

Each Customer hereby appoints and authorizes the Corporation to act as the Customer's attorney and agent for any and all purposes in connection with the filing, recording, or other



perfecting of the Corporation's rights under the Standards. This Rule constitutes a security agreement between each Customer and the Corporation, and vests in the Corporation a security interest in any collateral collected as provided in these Standards, granted contemporaneously in exchange and as a condition for the continuation of the Customer's Participation and Licenses.

## 1.5 Interim Participation

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Pending approval of an application to be a Customer, the Corporation may authorize the applicant to participate in Activity on an interim basis as if the applicant were a Customer. As a condition of such interim authorization, the applicant must agree, and by commencement of any Activity the applicant is deemed to have agreed, to comply during this interim period (and thereafter as applicable) with the Standards and to discontinue immediately any use of the Marks and Activity if the application to be a Customer is declined.

All damages, losses, costs, and liabilities arising directly or indirectly, or consequentially, from or related to any interim participation in Activity by the applicant and from the disapproval of the application to be a Customer is solely at the applicant's risk and expense, and this Corporation has no responsibility for any such damages, losses, costs, or liabilities.

## 1.6 The License

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Each Customer agrees, and by use of any one or more of the Marks agrees, to comply with all provisions of the License pertaining to use of the Marks and with the Standards of this Corporation as may be in effect from time to time. In the event of an inconsistency between a Standard and a provision in a License, the Standard prevails and the License is deemed to be amended so as to be consistent with the Standard. Each Customer must assist the Corporation in recording any License granted to the Customer if required in the country in which the Customer is Licensed or otherwise upon request of the Corporation.

### 1.6.1 SEPA Licensing Program—Europe Region Only

**NOTE: Rules on this subject appear in the "Europe Region" chapter.**

## 1.7 Area of Use of the License

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Except as otherwise provided in the Standards, each Customer may use a Mark and conduct Activity solely in the Area of Use in which the Customer has been granted a License. If the License does not specify an Area of Use, the License is deemed to authorize the Customer to use the Mark and conduct Activity only in the country or countries the Corporation determines to be the Customer's Area of Use.

A License that the Corporation deems to be inconsistent with this Rule is deemed amended effective as of the date of the grant of the License so as to be consistent with this Rule.

Except as otherwise provided in the Standards, the ICA number and BIN/IIN or BIN range, as applicable, used to conduct issuing and/or acquiring Activity must reflect the country, from among those in the Customer's Area of Use, where Cards are issued and/or Merchants, ATM Terminals, or PIN-based In-Branch Terminals effecting acquired Transactions are located.

**NOTE: Modifications to this Rule appear in the "Europe Region" chapter.**

### 1.7.1 Extending the Area of Use

A Customer must apply to the Corporation for permission to extend the Area of Use of a License. Such application must be made in the form and include all information then required by the Corporation. If the application is approved, the Corporation will amend the License to reflect the change in the Area of Use.

**NOTE: Modifications to this Rule appear in the "Asia/Pacific Region" and "Middle East/Africa Region" chapters.**

### 1.7.2 Extension of Area of Use Exceptions

Notwithstanding Rule 1.7, a Customer is not required to apply to extend the Area of Use of a License to conduct any of the following Activities, subject to (a) the Corporation's right to prohibit or restrict or condition any such Activity and (b) compliance by the Customer with Standards, laws and regulations applicable to any such Activity:

1. Issue MasterCard, Maestro, or Cirrus Cards outside of the Customer's Area of Use, provided that the Customer does not use Solicitations or Solicit outside of its Area of Use.
2. Issue MasterCard, Maestro, or Cirrus Cards to citizens of any country within the Customer's Area of Use, wherever such citizens reside. Any Card Solicitation, wherever conducted, must be directed only to citizens of countries within the Customer's Area of Use.
3. Issue MasterCard Corporate Card<sup>®</sup> Cards to employees of an entity on whose behalf the Cards are issued, wherever such employees reside, provided that the entity is multinational, having a presence and conducting regular business in more than one country, including at least one country in the Customer's Area of Use.
4. Issue MasterCard payroll or incentive Cards to employees of an entity on whose behalf the Cards are issued, provided that the entity is multinational, having a presence and conducting regular business in more than one country, including at least one country in the Customer's Area of Use, and:
  - a. The gross dollar volume (GDV) within a country in a calendar year from the Customer's and its Sponsored Affiliates total cross-border issuance for all payroll and incentive Card Programs for all companies served in that country does not exceed one percent of that country's MasterCard GDV in that calendar year, or
  - b. If the Customer has a License to issue Cards in a particular country (Country A) but wishes to issue Cards into Country A from another country in which the Customer is also licensed (Country B), the Customer's and its Sponsored Affiliates' total cross-border issuance from Country B into Country A in a calendar year may not exceed:

- 10 percent of that Customer's and its Sponsored Affiliates' total domestic MasterCard GDV in Country A in that calendar year, or
  - If greater than the 10 percent described herein, the amount allowed under the one percent threshold described above.
5. Acquire MasterCard or Maestro airline Transactions in a country outside of the Customer's Area of Use, subject to all of the following requirements:
    - a. The airline has a meaningful presence in at least one country within the Area of Use; and
    - b. The Customer identifies the airline Transactions with an ICA and BIN/IIN that reflects either the country, or a country within the same Region as the country, in which the airline ticket office is located; and
    - c. The Customer authorizes, clears, and settles each Domestic Transaction in a manner that does not significantly disadvantage an Issuer in the same country in the judgment of the Corporation.
  6. Acquire MasterCard e-commerce Transactions from a Merchant located in a country outside of the Customer's Area of Use, subject to satisfying all of the following requirements:
    - a. The ICA and BIN/IIN under which MasterCard e-commerce Transactions are acquired must reflect the country in which the Merchant is located;
    - b. The Merchant implements MasterCard® SecureCode™; and
    - c. The Customer authorizes, clears, and settles the Transaction through the Interchange System; and
    - d. The Customer authorizes, clears, and settles each Domestic Transaction in a manner that does not significantly disadvantage an Issuer in the same country in the judgment of the Corporation; and
    - e. The Customer, the Merchant, the Third Party Processor (if any), and the Data Storage Entity (if any) comply with the MasterCard Site Data Protection Program.

The Customer must apply for and receive permission from the Corporation before acquiring MasterCard e-commerce Transactions under this Rule 1.7.2, paragraph 6.

**NOTE: Modifications to this Rule appear in the "Europe Region" chapter.**

### 1.7.3 Central Acquiring—Europe Region Only

**NOTE: Rules on this subject appear in the "Europe Region" chapter.**

### 1.7.4 Transfer of Cards to India Residents is Prohibited without a License

An Issuer that reasonably believes that its Cardholders will distribute, transfer, or in any way provide Cards issued by the Issuer to residents of India must become Licensed in India and receive written authorization from the Reserve Bank of India.

Unless the Issuer is Licensed in India and has written authorization from the Reserve Bank of India, an Issuer that issues Cards to Cardholders that reside outside of India must

communicate to those Cardholders in the terms and conditions of the cardholder agreement that such Cards must not be distributed, transferred, or in any way provided to residents of India.

## 1.8 The Digital Activity Agreement

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**NOTE: A Rule on this subject appears in the “Digital Activity” chapter.**

## 1.9 Participation in Activity and Digital Activity

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Each Customer may participate only in Activity as set forth in its License or Licenses.

**NOTE: Modifications to this Rule appear in the “Digital Activity” and “United States Region” chapters.**

### 1.9.1 Changing Customer Status

In the event that an Affiliate wishes to become a Principal or a Principal wishes to become an Affiliate, the Customer must notify the Corporation and submit such information as the Corporation deems necessary. It is within the Corporation’s discretion whether to grant the requested change in Customer status.

### 1.9.2 Participation and License or Digital Activity Agreement Not Transferable

A Customer must not transfer or assign its Participation or any License or Digital Activity Agreement, whether by sale, consolidation, merger, operation of law, or otherwise, without the written consent of the Corporation. However, in the event that the Cards issued by, the Ownership of, or any Activity or Digital Activity of a Customer are acquired by any person, whether by sale, consolidation, merger, operation of law or otherwise, the obligations, but not the rights, of such Customer shall transfer to the person acquiring such Customer.

### 1.9.3 Right to Sponsor Affiliates

Each Principal and Association has the right to Sponsor as an Affiliate any eligible entity which conducts or proposes to conduct Activity within the Principal’s or Association’s Area of Use.

### 1.9.4 Change in Sponsorship of an Affiliate

Each Principal or Association must advise the Corporation promptly if an Affiliate ceases to be Sponsored by the Principal or Association or has a transfer of Ownership or Control. Refer to Rule 1.13.4, paragraph 9, regarding the obligation of each Principal and Association to accept Transactions arising from Cards issued by formerly Sponsored Affiliates.

### 1.9.5 Customer Name Change

The Corporation must receive written notice at least 30 days before the effective date of any proposed Customer name change. A Customer that proposes to change its name must

promptly undertake necessary or appropriate action to ensure that its Licenses and Activities disclose the true identity of the Customer.

## 1.10 Participation in Competing Networks

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A Customer may take part, as either an issuer or an acquirer or both, in any ATM network in addition to the MasterCard ATM Network that is not a Competing ATM Network. Notwithstanding the foregoing, Customers in the countries listed in Rule 1.9.3 may participate in a Competing ATM Network, but only in the manner and to the extent expressly set forth in the Standards.

A Customer may offer its Cardholders any electronic funds transfer (EFT) services (whether provided by the MasterCard ATM Network or not), charge its Cardholders such fees, if any, as it chooses, arrange with any Customer or non-Customer for mutual access to ATMs by the Cardholders or cardholders of each, respectively, process and settle any ATM transactions without using the Interchange System, locate its ATMs wherever it chooses, and otherwise conduct its EFT business in the manner it chooses.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region” chapter.**

### 1.10.1 Protection of the Corporation

If a Customer permits cardholders of an entity that is not a Customer to have access to its or its Customer’s ATM Terminals, such entity has no participation rights in the MasterCard ATM Network, and has no right of access to the ATM Terminals of other Customers.

If a Customer takes part in an ATM network other than the MasterCard ATM Network, it must do so in a manner that is consistent with all applicable provisions of the Standards. It must not, because of such participation, discriminate against the MasterCard ATM Network, any Customer or its Cardholders, or otherwise fail to comply with the Standards.

### 1.10.2 Participation Restrictions

A Customer that participates in the MasterCard ATM Network as an Issuer or Acquirer may not simultaneously participate in a Competing ATM Network except as provided in Rule 1.9.3, specifically:

1. A Card or Portfolio of Cards may not participate in a Competing ATM Network; and
2. A card that provides access to a Competing ATM Network may not be a Card.

For purposes of this Rule, to participate in a Competing ATM Network as a card issuer means to issue cards, pursuant to the rules and regulations of that system, for the purpose of providing access to accounts of the issuer in accordance with such rules and regulations.

Notwithstanding this Rule, a Customer that maintains deposit accounts for individuals on behalf of one or more non-Customers may:

1. Issue to such individuals Cards bearing the name or trade name of such non-Customers that provide access to such individuals' accounts through such Competing ATM Networks; and
2. Authorize Transactions from such systems on behalf of such individuals; provided that:
  - a. Any non-Customer whose name appears on such Cards is ineligible to obtain a License from the Corporation for a reason other than its current in another Competing ATM Network,
  - b. The name of the Customer does not appear anywhere on such Cards; and
  - c. The aggregate of all such Cards issued by the Customer does not exceed ten percent (10%) of the total Cards issued by such Customer.

### 1.10.3 Exceptions to the Participation Restrictions

In the following countries, a Customer that acquires transactions of a Competing ATM Network at its ATMs is not rendered ineligible to be a Customer.

Albania	Andorra	Armenia
Australia	Austria	Azerbaijan
Bahrain	Belarus	Belgium
Bolivia	Bosnia and Herzegovina	Bulgaria
Canada	Caribbean Territory (all countries)	Channel Islands
Chili	Croatia	Cyprus
Czech Republic	Denmark	Ecuador
Egypt	Estonia	Fiji
Finland	France	Georgia
Germany	Gibraltar	Greece
Guam	Hong Kong	Hungary
Iceland	India	Indonesia
Ireland	Israel	Italy
Japan	Kazakhstan	Korea
Kuwait	Kyrgyzstan	Latvia

Liechtenstein	Lithuania	Luxembourg
Macedonia	Malaysia	Malta
Mexico	Monaco	Morocco
Moldova	Montenegro	Netherlands
New Zealand	Norway	Oman
Paraguay	Peru	Philippines
Poland	Portugal	Russian Federation
Romania	San Marino	Saudi Arabia
Serbia	Singapore	Slovak Republic
Slovenia	South Africa	Spain
Sri Lanka	Sweden	Switzerland
Taiwan	Tajikistan	Thailand
Tunisia	Turkey	Turkmenistan
Ukraine	United Arab Emirates	United Kingdom
United States	United States territories	Uzbekistan
Vatican City State	Venezuela	Vietnam
Zimbabwe		

In the following countries, a Customer that participates in a Competing ATM Network as a credit card issuer is not rendered ineligible to be a Customer.

1. Hong Kong
2. Mexico
3. The Philippines
4. Singapore
5. Thailand
6. Venezuela
7. Any country in the Europe Region if authorized by the Corporation

## 1.11 Portfolio Sale, Transfer, or Withdrawal

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The Corporation must receive written notice at least 30 days before the effective date of any proposed transfer or assignment of a MasterCard Portfolio. A Customer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event. If such transfer or assignment will result in a change of Control of the Customer or the Customer's issuing Program, acquiring Program, or both, then Rule 1.11 shall apply.

A Principal must not withdraw a Maestro or Cirrus Portfolio from participation in the Interchange System except upon fulfillment of the following conditions:

1. The Principal must provide the Corporation with at least six months prior written notice of its intent to withdraw a Portfolio. If confidential negotiations surrounding a Portfolio sale would render six months' notice unduly disruptive, the Corporation may accept a shorter time at its discretion.
2. The Principal must certify in writing to the Corporation that as of the date of withdrawal, no Cards will be in circulation, unless the Corporation has approved a plan for the phased withdrawal of the Portfolio. Any phased withdrawal must not exceed the lesser of one full reissuance cycle or two years. Any withdrawal plan must guarantee that Cards still in circulation will continue to provide access to Accounts through the Corporation.
3. If there is a new owner of the Portfolio, such owner must be a Customer of the Corporation. Alternatively, if the new owner is not eligible to be Licensed, then it must enter into an agreement with the Corporation to be bound by all Rules applicable to the Portfolio during its withdrawal period.

## 1.12 Change of Control of Customer or Portfolio

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The Corporation must receive written notice at least 30 days before the effective date of any proposed change of Control of a Customer.

A Customer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event and the Corporation may:

1. Suspend or impose conditions on any Licenses granted to the Customer or any Digital Activity Agreements with the Customer.
2. Amend rights, obligations, or both of a Customer.
3. Terminate the Licenses or Digital Activity Agreements or all of any Customer that:
  - a. Transfers or attempts to transfer Control of the Customer to an entity that is not a Customer; or
  - b. Merges into or is consolidated with an entity that is not a Customer; or
  - c. Sells all or substantially all of its assets; or
  - d. Sells all or substantially all of its Issuer or Acquirer Portfolios; or
  - e. Experiences a change in Control or Ownership.



**NOTE: Modifications to this Rule appear in the “United States Region” chapter.**

## 1.13 Termination

The Participation or Licenses or Digital Activity Agreements of a Customer may terminate in either of two ways: voluntary termination, or termination by the Corporation.

### 1.13.1 Voluntary Termination

A Customer may voluntarily terminate its Participation and/or Licenses and/or Digital Activity Agreements by providing written notice and submitting documentation as then required by the Corporation. The notice must fix a date on which the termination will be effective as follows.

<b>Written notice to the Corporation provided by or with respect to a...</b>	<b>Regarding termination of its...</b>	<b>Must be received in advance of the termination effective date, by at least...</b>
Principal	MasterCard License	30 days
Association	MasterCard License	30 days
Principal	Maestro License	One year
Principal	Cirrus License	One year
Affiliate	MasterCard License	30 days
Affiliate	Maestro License	Six months
Affiliate	Cirrus License	Six months
Digital Activity Customer	Digital Activity Agreement	60 days

When all Licenses and Digital Activity Agreements are terminated, the Participation of a Customer also terminates.

### 1.13.2 Termination by the Corporation

Notwithstanding anything to the contrary set forth in a License or Digital Activity Agreement, the Corporation, at its sole discretion, may terminate a Customer’s Participation effective immediately and without prior notice, if:

1. The Customer suspends payments within the meaning of Article IV of the Uniform Commercial Code in effect at the time in the State of Delaware, regardless of whether, in fact, the Customer is subject to the provisions thereof; or
2. The Customer takes the required action by vote of its directors, stockholders, members, or other persons with the legal power to do so, or otherwise acts, to cease operations and to

- wind up the business of the Customer, such termination to be effective upon the date of the vote or other action; or
3. The Customer fails or refuses to make payments in the ordinary course of business or becomes insolvent, makes an assignment for the benefit of creditors, or seeks the protection, by the filing of a petition or otherwise, of any bankruptcy or similar statute governing creditors' rights generally; or
  4. The government or the governmental regulatory authority having jurisdiction over the Customer serves a notice of intention to suspend or revoke, or suspends or revokes, the operations or the charter of the Customer; or
  5. A liquidating agent, conservator, or receiver is appointed for the Customer, or the Customer is placed in liquidation by any appropriate governmental, regulatory, or judicial authority; or
  6. The Customer's right to engage in Activity or Digital Activity, as the case may be, is suspended by the Corporation due to the Customer's failure to comply with the Corporation's AML Program in connection with its issuing and/or acquiring Program or to comply with applicable law or regulation, and such suspension continues for 26 consecutive weeks; or
  7. A Customer fails to engage in Activity for 26 consecutive weeks; or
  8. The Customer is no longer Licensed to use any of the Marks; or
  9. The Customer (i) directly or indirectly engages in or facilitates any action or activity that is illegal, or that, in the good faith opinion of the Corporation, and whether or not addressed elsewhere in the Standards, has damaged or threatens to damage the goodwill or reputation of the Corporation or of any of its Marks; or (ii) makes or continues an association with a person or entity which association, in the good faith opinion of the Corporation, has damaged or threatens to damage the goodwill or reputation of the Corporation or of any of its Marks; or
  10. The Customer (i) provides to the Corporation inaccurate material information or fails to disclose responsive material information in or in connection with its application for a License or (ii) at any other time, in connection with its Participation or Activity fails to timely provide to the Corporation information requested by the Corporation and that the Customer is required to provide pursuant to the terms of the License or the Standards.
  11. The Customer fails at any time to satisfy any of the Customer eligibility criteria set forth in the Standards, or with respect to a Digital Activity Customer, all certifications granted by the Corporation in connection with the Digital Activity Customer's conduct of Digital Activity have been suspended or revoked; or
  12. The Customer materially fails to operate at a scale or volume of operations consistent with the business plan approved by the Corporation in connection with the Customer's application to be a Customer or application for a License, or both, as the case may be, as required by Rule 2.2.1.
  13. The Corporation has reason to believe that the Customer is, or is a front for, or is assisting in the concealment of, a person or entity that engages in, attempts or threatens to engage in, or facilitates terrorist activity, narcotics trafficking, trafficking in persons, activities related to the proliferation of weapons of mass destruction, activity that violates or threatens to violate human rights or principles of national sovereignty, or money laundering to conceal any such activity. In this regard, and although not dispositive, the

- Corporation may consider the appearance of the Customer, its owner or a related person or entity on a United Nations or domestic or foreign governmental sanction list that identifies persons or entities believed to engage in such illicit activity; or
14. The Corporation has reason to believe that not terminating such Participation would be harmful to the Corporation's goodwill or reputation.

**NOTE: A modification to this Rule appears in the "Europe Region" chapter.**

### **1.13.3 Termination for Provision of Inaccurate Information**

The Corporation, at any time and by written notice, may require a Customer to confirm the accuracy of information provided by the Customer to the Corporation pursuant to the Standards or the terms of the Licenses.

Within 30 days of receipt of such a notice, the Customer must demonstrate to the satisfaction of the Corporation that either: (i) the information provided was accurate; or (ii) with respect to any inaccurate information, such inaccurate information was provided to the Corporation through inadvertence or with a reasonable belief as to its truth and provide information sufficient to correct such inaccuracy. Without limiting any Corporation right of immediate termination set forth in Rule 1.12.2, the Corporation may terminate a Customer's Participation and/or Licenses without further notice should the Corporation determine that the Customer has failed to make a sufficient showing under (i) or (ii) above, that any Customer representation or demonstration under (i) or (ii) above was false, or should the Customer otherwise fail to comply with the obligations set forth in this Rule.

### **1.13.4 Rights, Liabilities, and Obligations of a Terminated Customer**

All of the following apply with respect to a terminated Customer.

1. Except as otherwise set forth in the Standards, a terminated Customer has no right to use any Mark or to otherwise engage or participate in any Activity or Digital Activity. A terminated Customer must immediately cease its use of all Marks and must ensure that such Marks are no longer used by any of the following:
  - a. The Customer's Merchants;
  - b. Any Affiliate Sponsored by a terminated Principal or Association;
  - c. Any Service Providers that performs any service described in Rule 7.1, which service directly or indirectly supports a Program of a terminated Principal or Association and/or of any Affiliate Sponsored by a terminated Principal or Association;
  - d. Merchants of an Affiliate Sponsored by a terminated Principal or Association; or
  - e. Any other entity or person acting to provide, directly or indirectly, service related to Activity or Digital Activity undertaken pursuant to the authority or purported authority of the terminated Customer.
2. A terminated Customer is not entitled to any refund of dues, fees, assessments, or other payments and remains liable for, and must promptly pay to this Corporation (a) any and all applicable dues, fees, assessments, or other charges as provided in the Standards and (b) all other charges, debts, liabilities, and other amounts arising or owed in connection with

the Customer's Activities or Digital Activities, whether arising, due, accrued, or owing before or after termination.

3. The terminated Customer must promptly cancel all Cards then outstanding that were issued by the terminated Customer and, if the terminated Customer is a Principal or Association, by all of that Customer's Sponsored Affiliates. All Payment Applications resident on Chip Cards issued by a terminated Customer must be eradicated or disabled no more than six months after the effective date of termination. With respect to any such Card not used during the six-month period, the Issuer must block all Payment Applications the first time the Card goes online.
4. The terminated Customer must promptly cause all of its Cardholders and, if the terminated Customer is a Principal or Association, the Cardholders of its Sponsored Affiliates to be notified of the cancellation of Cards in writing. Such notice must be in a form and substance satisfactory to the Corporation.
5. A terminated Customer must give prompt notice of its termination to any Merchants the Customer has authorized to honor Cards. If any such Merchant wishes to continue to accept Cards, the terminated Customer must cooperate with the Corporation and other Customers in facilitating the transfer of such Merchant to another Customer.
6. If a terminated Customer does not take an action that this Rule or any other Standard or that the Corporation otherwise requires, the Corporation may take any such required action without prior notice to the terminated Customer and on behalf of and at the expense of the Customer.
7. If a Principal or Association that Sponsors one or more Affiliates terminates its Participation, such Principal or Association must cause each of its Sponsored Affiliates to take the actions required of a terminated Customer under this Rule, unless and to the extent that any such Affiliate becomes an Affiliate Sponsored by a different Principal or Association within a period of time acceptable to the Corporation.
8. If an Affiliate terminates its Licenses or its Sponsorship by a Principal or Association, the Sponsoring Principal or Association must cause the Affiliate to take the actions required of a terminated Customer under this Rule. If that Affiliate fails to so comply, the Corporation may take any action that this Rule requires without notice to the Affiliate or the Sponsoring Principal or Association on behalf of and at the expense of the Sponsoring Principal or Association.
9. If an Affiliate Sponsored by a Principal or Association ceases to be so Sponsored by that Principal or Association, such Principal or Association nonetheless is obligated, pursuant to and in accordance with the Standards, to accept from other Customers the records of Transactions arising from the use of Cards issued by that formerly Sponsored Affiliate and whether such Transactions arise before or after the cessation of the Sponsorship.
10. A terminated Customer has no right to present records of Transactions effected after the date of termination to any other Customer, except as permitted by the Standards.
11. A terminated Customer continues to have the rights and obligations set forth in the Standards and Licenses with respect to its use of the Marks and conduct of Activity until such time as the Corporation determines such rights or obligations or both cease.
12. A terminated Customer has a continuing obligation to provide promptly to the Corporation, on request, Customer Reports and any other information about Activity or Digital Activity.

13. A terminated Customer must, at the option of the Corporation, immediately either destroy, or take such steps as the Corporation may require regarding, all confidential and proprietary information of the Corporation in any form previously received as a Customer.

The Corporation may continue the Participation and Licenses or Digital Activity Agreements, as the case may be, of a terminated Customer for purposes of the orderly winding down or transfer of the terminated Customer's business. Such continuation of Participation and Licenses or Digital Activity Agreements is subject to such terms as may be required by the Corporation.

## Chapter 2 Standards and Conduct of Activity and Digital Activity

*This chapter contains Rules relating to the Standards and the conduct of Activity and Digital Activity.*

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## 2.1 Standards

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From time to time, the Corporation promulgates Standards governing the conduct of Customers and Activity or Digital Activity. The Corporation has the sole right to interpret and enforce the Standards.

The Corporation has the right, but not the obligation, to resolve any dispute between or among Customers including, but not limited to, any dispute involving the Corporation, the Standards, or the Customers' respective Activities or Digital Activities, and any such resolution by the Corporation is final and not subject to appeal, review, or other challenge. In resolving disputes between or among Customers, or in applying its Standards to Customers, the Corporation may deviate from any process in the Standards or that the Corporation otherwise applies, and may implement an alternative process, if an event, including, without limitation, an account data compromise event, is, in the sole judgment of the Corporation, of sufficient scope, complexity and/or magnitude to warrant such deviation. The Corporation will exercise its discretion to deviate from its Standards only in circumstances the Corporation determines to be extraordinary. Any decision to alter or suspend the application of any process(es) will not be subject to appeal, review, or other challenge.

### 2.1.1 Variances

A variance is the consent by the Corporation for a Customer to act other than in accordance with a Standard. Only a Customer may request a variance. Any such request must specify the Rules or other Standards for which a variance is sought. The request must be submitted to the Corporation in writing, together with a statement of the reason for the request.

### 2.1.2 Failure to Comply with a Standard

Failure to comply with any Standard adversely affects the Corporation and its Customers and undermines the integrity of the MasterCard system. Accordingly, a Customer that fails to comply with any Standard is subject to assessments ("noncompliance assessments") as set forth in the Standards.

In lieu of, or in addition to, the imposition of a noncompliance assessment, the Corporation, in its sole discretion, may require a Customer to take such action and the Corporation itself may take such action as the Corporation deems necessary or appropriate to ensure compliance with the Standards and safeguard the integrity of the MasterCard system. In the exercise of such discretion, the Corporation may consider the nature, willfulness, number and frequency of occurrences and possible consequences resulting from a failure to comply with any Standard. The Corporation may provide notice and limited time to cure such noncompliance before imposing a noncompliance assessment.

The Corporation reserves the right to limit, suspend or terminate a Customer's Participation and/or Licenses or to amend the rights, obligations, or both of the Customer, whether set forth in a License or otherwise, if that Customer does not comply with any Standards or with any decision of the Corporation with regard to the interpretation and enforcement of any Standards.

### **2.1.3 Noncompliance Categories**

From time to time, the Corporation establishes programs that address instances of noncompliance with particular Standards. Every instance of noncompliance with a Standard not addressed by such a program falls into at least one of the following three compliance categories.

#### **Category A—Payment System Integrity**

Category A noncompliance affects payment system integrity. The Corporation has the authority to impose monetary noncompliance assessments for Category A noncompliance. “Payment system integrity” violations include, but are not limited to, noncompliance involving License requirements, Merchant and ATM owner signing and monitoring requirements, and the protection of Card, Account, and Transaction information.

#### **Category B—Visible to Customers**

Category B noncompliance addresses conduct that is visible to the customers of Issuers and/or Acquirers. The Corporation has the authority to impose monetary noncompliance assessments for Category B noncompliance or, in the alternative, may provide notice and a limited time to cure such noncompliance before imposing monetary assessments. “Visible to customers” violations include, but are not limited to, noncompliance involving the use of the Marks, the selective authorization of Transactions, identification of the Merchant at the POI, the setting of minimum and maximum Transaction amounts, the payment of Merchants and Submerchants for Transactions, Transaction receipt requirements, and ATM Access Fee notices.

#### **Category C—Efficiency and Operational Performance**

Category C noncompliance addresses efficiency and operational performance. The Corporation has the authority to impose monetary noncompliance assessments for Category C noncompliance or, in the alternative, may provide notice and a limited time to cure such noncompliance before imposing monetary assessments. “Efficiency and operational performance” violations include, but are not limited to, noncompliance involving presentment of Transactions within the required time frame, supplying Merchants with materials required for Transaction processing, Card capture at the ATM, Card fees and reporting procedures, and the obligation to provide the Corporation with requested information.



## 2.1.4 Noncompliance Assessments

The following schedule pertains to any Standard that does not have an established compliance program. The Corporation may deviate from this schedule at any time.

Compliance Category	Assessment Type	Assessment Description
A	Per violation	Up to USD 25,000 for the first violation
		Up to USD 50,000 for the second violation within 12 months
		Up to USD 75,000 for the third violation within 12 months
		Up to USD 100,000 per violation for the fourth and subsequent violations within 12 months
	Variable occurrence (by device or Transaction)	Up to USD 2,500 per occurrence for the first 30 days
		Up to USD 5,000 per occurrence for days 31–60
		Up to USD 10,000 per occurrence for days 61–90
		Up to USD 20,000 per occurrence for subsequent violations
	Variable occurrence (by number of Cards)	Up to USD 0.50 per Card
		Minimum USD 1,000 per month per Portfolio
		No maximum per month per Portfolio or per all Portfolios
B	Per violation	Up to USD 20,000 for the first violation
		Up to USD 30,000 for the second violation within 12 months
		Up to USD 60,000 for the third violation within 12 months
		Up to USD 100,000 per violation for the fourth and subsequent violations within 12 months

<b>Compliance Category</b>	<b>Assessment Type</b>	<b>Assessment Description</b>
	Variable occurrence (by device or Transaction)	Up to USD 1,000 per occurrence for the first 30 days Up to USD 2,000 per occurrence for days 31–60 Up to USD 4,000 per occurrence for days 61–90 Up to USD 8,000 per occurrence for subsequent violations
	Variable occurrence (by number of Cards)	Up to USD 0.30 per Card Minimum USD 1,000 per month per Portfolio Maximum USD 20,000 per month per Portfolio Maximum USD 40,000 per month per all Portfolios
C	Per violation	Up to USD 15,000 for the first violation Up to USD 25,000 for the second violation within 12 months Up to USD 50,000 for the third violation within 12 months Up to USD 75,000 per violation for the fourth and subsequent violations within 12 months
	Variable occurrence (by device or Transaction)	Up to USD 1,000 per occurrence for the first 30 days Up to USD 2,000 per occurrence for days 31–60 Up to USD 4,000 per occurrence for days 61–90 Up to USD 8,000 per occurrence for subsequent violations

<b>Compliance Category</b>	<b>Assessment Type</b>	<b>Assessment Description</b>
	Variable occurrence (by number of Cards)	Up to USD 0.15 per Card Minimum USD 1,000 per month per Portfolio Maximum USD 10,000 per month per Portfolio Maximum USD 20,000 per month per all Portfolios

In the above table, all days refer to calendar days and violations of a Standard are tracked on a rolling 12-month basis.

### **2.1.5 Certification**

A senior executive officer of each Principal and Association must, if requested by the Corporation, promptly certify in writing to the Corporation the status of compliance or noncompliance with any Standard by the Customer or by any of its Sponsored Affiliates.

### **2.1.6 Review Process**

A Customer may request that the Chief Franchise Integrity Officer of this Corporation review an assessment imposed by the Corporation for noncompliance with a Standard. Such a request must be submitted in writing and signed by the Customer's principal contact. The request must be postmarked no later than 30 days after the date of the disputed assessment.

The Corporation may assess a USD 500 fee to consider and act on a request for review of a noncompliance assessment.

### **2.1.7 Resolution of Review Request**

When a Customer requests review of an assessment for noncompliance with a Standard, the Chief Franchise Integrity Officer of this Corporation may take such action as he or she deems necessary or appropriate or may elect not to act. The Chief Franchise Integrity Officer may delegate authority to act or not to act with respect to any particular matter or type of matter.

If the Chief Franchise Integrity Officer or his or her designee elects to conduct further inquiry into the matter, each Customer must cooperate promptly and fully. If the Chief Franchise Integrity Officer or his or her designee makes a recommendation of action to resolve the matter, such recommendation is final and not subject to further review or other action.

### **2.1.8 Rules Applicable to Intracountry Transactions**

**NOTE: Rules on this subject appear in the "Europe Region" chapter.**

## 2.1.9 Communication of Intracountry Fallback Rules

**NOTE: Rules on this subject appear in the “Europe Region” chapter.**

## 2.2 Conduct of Activity and Digital Activity

---

Each Customer at all times must conduct Activity and Digital Activity in compliance with the Standards and with all applicable laws and regulations. A Customer is not required to undertake any act that is unambiguously prohibited by applicable law or regulation. If a Customer is unable to comply with a Standard because of applicable law or regulation, then the Corporation may require that such Customer undertake some other form of permissible Activity.

If a party other than a Customer files a claim against a Customer concerning the Customer’s Activity or Digital Activity, the Corporation must be informed thereof by the Customer. The Corporation is entitled but not obliged to intervene in the case.

### 2.2.1 Customer Responsibilities

At all times, each Customer must:

1. Be entirely responsible for and Control all aspects of its Activities and Digital Activities, and the establishment and enforcement of all management and operating policies applicable to its Activities and Digital Activities, in accordance with the Standards;
2. Not transfer or assign any part or all of such responsibility and Control or in any way limit its responsibility or Control;
3. Ensure that all policies applicable to its Activities and Digital Activities conform to the Standards and comply with all applicable laws and government regulations;
4. Conduct meaningful and ongoing monitoring to ensure compliance with all of the responsibilities set forth in this Rule, and be able to demonstrate such monitoring and compliance upon request of the Corporation in accordance with the Standards, including without limitation, Rule 2.5;
5. Maintain a significant economic interest in each of its Activities and Digital Activities;
6. Engage in Activities and Digital Activities at a scale or volume of operations consistent with the business plans accepted by the Corporation in connection with the application to be a Customer or application for a License or a Digital Activity Agreement, or both, as the case may be;
7. Promptly update information set forth in its application, business plans and other materials previously provided to the Corporation in the event of a significant change to the accuracy or completeness of any of the information contained therein and, separately, upon request of the Corporation;
8. Promptly inform the Corporation should the Customer become unable for any reason to engage in Activity or Digital Activity in accordance with both the Standards and the laws and government regulations of any country (or any subdivision thereof) in which the Customer is Licensed to engage in Activity or approved to conduct Digital Activity; and

9. Comply with such other requirements as the Corporation may establish, in its sole discretion, in connection with the Customer's Activity and Digital Activity.

### **2.2.2 Obligations of a Sponsor**

Each Principal and Association that Sponsors one or more Affiliates must cause each such Affiliate to comply with all Standards applicable to the Activity of that Affiliate. Each Sponsor is liable to the Corporation and to all other Customers for all Activities of each of its Sponsored Affiliates and for any failure by any such Sponsored Affiliate to comply with a Standard or with applicable law or regulation.

### **2.2.3 Affiliates**

Except to the extent any liability or obligation arising under a Standard has been satisfied by a Sponsor, each Affiliate is responsible for the liabilities and obligations arising out of or in connection with its Activities, regardless of any:

1. Action taken by such Affiliate to satisfy such liability or obligation with, through or by a Sponsor or former Sponsor of such Affiliate, or
2. Agreement between any Sponsor and such Affiliate.

In accordance with the Standards and in compliance with all applicable laws and regulations, each Sponsor will have access to and may use or otherwise process its Sponsored Affiliates' confidential information and Confidential Transaction Data (as defined in Rule 3.10) in connection with authorization, settlement, clearing, fraud reporting, chargebacks, billing, and other related activities.

### **2.2.4 Financial Soundness**

Each Customer must conduct all Activity and otherwise operate in a manner that is financially sound and so as to avoid risk to the Corporation and to other Customers.

A Customer must promptly report to the Corporation any materially adverse financial condition or discrepancy or suspected materially adverse financial condition or discrepancy relating to the Customer or, in the case of a Principal or Association, any Sponsored Affiliate.

The Customer must refer or, if applicable, cause the Affiliate to refer such condition or discrepancy to independent certified public accountants or another person or firm satisfactory to the Corporation for evaluation and recommendation as to remedial action, and promptly provide to the Corporation a copy of such evaluation and recommendation after receipt thereof.

### **2.2.5 MasterCard Acquirers**

**NOTE: A Rule on this subject appears in the "Additional U.S. Region and U.S. Territory Rules" chapter.**

### **2.2.6 Compliance**

From time to time, the Corporation may develop means and apply criteria to evaluate a Customer's compliance with Rule 2.2. Each Customer must fully cooperate with any effort by

the Corporation and the Corporation's representatives to evaluate a Customer's compliance with Rule 2.2.

In the event that the Corporation determines that a Customer is not complying or may not on an ongoing basis comply with the requirements of Rule 2.2, the Corporation may:

1. Impose special terms upon the Customer as the Corporation deems necessary or appropriate until each condition or discrepancy is resolved to the Corporation's satisfaction so as to enable the Customer to be and to remain in full compliance with Rule 2.2, or
2. Require the Customer to withdraw its Participation.

## 2.3 Indemnity and Limitation of Liability

---

Each Customer (each, for the purposes of this Rule, an "Indemnifying Customer") must protect, indemnify, and hold harmless the Corporation and the Corporation's parent and subsidiaries and affiliated entities, and each of the directors, officers, employees and agents of the Corporation and the Corporation's parent and subsidiaries and affiliated entities from any actual or threatened claim, demand, obligation, loss, cost, liability and/or expense (including, without limitation, actual attorneys' fees, costs of investigation, and disbursements) resulting from and/or arising in connection with, any act or omission of the Indemnifying Customer, its subsidiaries, or any person associated with the Indemnifying Customer or its subsidiaries (including, without limitation, such Indemnifying Customer's directors, officers, employees and agents, all direct and indirect parents, subsidiaries, and affiliates of the Indemnifying Customer, the Indemnifying Customer's customers in connection with issuing and/or acquiring Activity and/or Digital Activity and/or other business, and the Indemnifying Customer's suppliers, including, without limitation, Service Providers, Card production vendors, and other persons acting for, or in connection with, the Indemnifying Customer or a Merchant or other entity for which the Indemnifying Customer acquires Transactions, or any such Merchant's or entity's employees, representatives, agents, suppliers or customers, including any Data Storage Entity [DSE]) with respect to, or relating to:

1. Any Programs and/or other Activities and/or Digital Activities of the Indemnifying Customer;
2. Any programs and/or activities of any person associated with the Indemnifying Customer and/or its subsidiaries;
3. The compliance or noncompliance with the Standards by the Indemnifying Customer;
4. The compliance or noncompliance with the Standards by any person associated with the Indemnifying Customer and its subsidiaries;
5. Any other activity of the Indemnifying Customer;
6. Direct or indirect access to and/or use of the Interchange System (it being understood that the Corporation does not represent or warrant that the Interchange System or any part thereof is or will be defect-free or error-free and that each Customer chooses to access and use the Interchange System at the Customer's sole risk and at no risk to the Corporation);

7. Any other activity and any omission of the Indemnifying Customer and any activity and any omission of any person associated with the Indemnifying Customer, its subsidiaries, or both, including but not limited to any activity that used and/or otherwise involved any of the Marks or other assets;
8. Any failure of another Customer to perform as required by the Standards or applicable law; or
9. The Corporation's interpretation, enforcement, or failure to enforce any Standards.

The Corporation does not represent or warrant that the Interchange System or any other system, process or activity administered, operated, controlled or provided by or on behalf of the Corporation (collectively, for purposes of this section, the "Systems") is free of defect and/or mistake and, unless otherwise specifically stated in the Standards or in a writing executed by and between the Corporation and a Customer, the Systems are provided on an "as-is" basis and without any express or implied warranty of any type, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose or non-infringement of third party intellectual property rights. IN NO EVENT WILL THE CORPORATION BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, FOR LOSS OF PROFITS, OR ANY OTHER COST OR EXPENSE INCURRED BY A CUSTOMER OR ANY THIRD PARTY ARISING FROM OR RELATED TO USE OR RECEIPT OF THE SYSTEMS, WHETHER IN AN ACTION IN CONTRACT OR IN TORT, AND EVEN IF THE CUSTOMER OR ANY THIRD PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EACH CUSTOMER ASSUMES THE ENTIRE RISK OF USE OR RECEIPT OF THE SYSTEMS.

Only in the event the limitation of liability set forth in the immediately preceding paragraph is deemed by a court of competent jurisdiction to be contrary to applicable law, the total liability, in aggregate, of the Corporation to a Customer and anyone claiming by or through the Customer, for any and all claims, losses, costs or damages, including attorneys' fees and costs and expert-witness fees and costs of any nature whatsoever or claims expenses resulting from or in any way related to the Systems shall not exceed the total compensation received by the Corporation from the Customer for the particular use or receipt of the Systems during the 12 months ending on the date that the Corporation was advised by the Customer of the Systems concern or the total amount of USD 250,000.00, whichever is less. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising; to the fullest extent permitted by law; unless otherwise prohibited by law; and notwithstanding any other provision of the Standards.

A payment or credit by the Corporation to or for the benefit of a Customer that is not required to be made by the Standards will not be construed to be a waiver or modification of any Standard by the Corporation. A failure or delay by the Corporation to enforce any Standard or exercise any right of the Corporation set forth in the Standards will not be construed to be a waiver or modification of the Standard or of any of the Corporation's rights therein.

## 2.4 Choice of Laws

---

The substantive laws of the State of New York govern all disputes involving the Corporation, the Standards, and/or Customers and Activity and Digital Activity without regard to conflicts. Any action initiated by a Customer regarding and/or involving the Corporation, the Standards and/or any Customer and Activity and Digital Activity must be brought, if at all, only in the United States District Court for the Southern District of New York or the New York Supreme Court for the County of Westchester, and any Customer involved in an action hereby submits to the jurisdiction of such courts and waives any claim of lack of personal jurisdiction, improper venue, and *forum non conveniens*.

This provision in no way limits or otherwise impacts the Corporation's authority described in Rule 2.1. Each Customer agrees that the Standards are construed under, and governed by, the substantive laws of the State of New York without regard to conflicts.

**NOTE: A modification to this Rule appears in the "Europe Region" chapter.**

## 2.5 Examination and Audit

---

The Corporation reserves the right to conduct an examination or audit of any Customer and Customer information to ensure full compliance with the Standards. Any such examination or audit is at the expense of the Customer, and a copy of the examination or audit results must be provided promptly to the Corporation upon request.

Further, the Corporation, at any time and whether or not a Customer is subject to periodic examination or audit or other oversight by banking regulatory authorities of a government, and at the Customer's sole expense, may require that Customer to be subjected to an examination and/or audit and/or periodic examination and/or periodic audit by a firm of independent certified accountants or by any other person or entity satisfactory to the Corporation.

A Customer may not engage in any conduct that could or would impair the completeness, accuracy or objectivity of any aspect of such an examination or audit and may not engage in any conduct that could or would influence or undermine the independence, reliability or integrity of the examination or audit. A Customer must cooperate fully and promptly in and with the examination or audit and must consent to unimpeded disclosure of information to the Corporation by the auditor.



## Chapter 3 Customer Obligations

*This chapter contains Rules relating to Customer obligations.*

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### 3.1 Obligation to Issue MasterCard Cards

---

Each Principal and Association Licensed to use the MasterCard Marks, together with its Sponsored Affiliates, must have issued and outstanding a reasonable number of MasterCard Cards based on such criteria as the Corporation may deem appropriate from time to time. In addition to any other action that the Corporation deems appropriate, such a Principal or Association that does not issue and have outstanding the requisite number of MasterCard Cards will be assessed an additional 20% of the assessment paid on its acquiring volume for each year in which the Card-issuing shortfall exists.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Europe Region,” “Latin America and the Caribbean Region,” “Middle East/Africa Region,” and “United States Region” chapters.**

### 3.2 Responsibility for Transactions

---

Each Principal and Association is responsible to the Corporation and to all other Customers for Transactions arising from the use of the ICAs and BINs that the Corporation assigns to the Principal or Association, and for any Cards that the Principal or Association or any of its Sponsored Affiliates, if any, has issued.

Neither a Principal or Association nor any of its Sponsored Affiliates may use the Principal's or Association's ICAs or BINs to issue Cards or acquire Transactions other than as specified by the Corporation.

### 3.3 Transaction Requirements

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In accordance with the Standards, each Customer must comply with each of the following requirements.

1. Accept and present to the Issuer records of Transactions arising from the use of a Card issued by any other Customer at any POI location the Customer has authorized to honor Cards;
2. Accept and pay for Transactions received from another Customer arising from the use of any Card issued by it. If an Affiliate ceases to be Sponsored by a Principal or Association, the Principal or Association remains obligated to other Customers to accept and pay for Transactions arising from the use of Cards issued by that Affiliate;
3. Maintain a functional 24-hour-per-day operating connection to the Interchange System, either directly or by means of a Service Provider operating on its behalf, and not force any other Customer wishing to operate multilaterally using the Interchange System into bilateral agreements; and
4. Ensure that each Cross-border Transaction is processed through the Interchange System, unless one of the following conditions exist:

- a. The Customer applied for and received prior written approval from the Corporation to effect other arrangements;
- b. The Customer applied for and received certification from the Corporation with the network processing standards for any bilateral or multilateral arrangement entered into on or after 1 June 2009; or
- c. Applicable law requires other arrangements, and only to the extent otherwise so required.

As used in paragraph 4 above, “processed” means authorized, when required, and cleared through the Interchange System.

If a Cross-border Transaction is not processed through the Interchange System and meets one of the conditions contained in paragraph 4, parts (a) through (c) above, Customers shall also provide the Corporation with a report with respect to such Cross-border Transactions in a form as required by the Corporation on a time frame as prescribed by the Corporation. Such report and all information contained therein shall be subject to Rule 3.10.

In the event that any Customer is a party to a bilateral or multilateral arrangement established before 1 June 2009 and such Customer has not applied for and received prior written approval from the Corporation to effect such arrangement, then such Customer must:

1. Register such bilateral or multilateral arrangement with the Corporation and provide such other information as the Corporation may request in connection with an evaluation of the relevant arrangement against the network processing standards specified by the Corporation from time to time; and
2. If such arrangement fails to meet or exceed such network processing standards, work with the Corporation in a good faith and timely manner to make such adjustments as may be required in order to achieve compliance.

**NOTE: Modifications to this Rule appear in the “Europe Region,” “United States Region,” and “Additional U.S. Region and U.S. Territory Rules” chapters.**

### 3.4 Authorization Service

---

Each Principal and Association must provide, at its own expense and in compliance with the Standards, including but not limited to those set forth in the *Transaction Processing Rules* manual:

1. Authorization services with respect to Cards that the Sponsoring Customer and each of its Sponsored Affiliates has issued; and
2. Adequate and reasonable authorization services with respect to its Merchants and those of its Sponsored Affiliates. Each such Merchant must be instructed as to the proper use of such authorization services so as to ensure that Card acceptance and Transaction processing is conducted in compliance with the Standards.

### 3.5 Non-discrimination—POS Transactions

---

A Customer must not discriminate against any Merchant with regard to processing and authorizing POS Transactions received.

### 3.6 Non-discrimination—ATM and PIN-based In-Branch Terminal Transactions

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Pursuant to the Standards, each Customer must:

1. Honor all valid Cards at each ATM Terminal and PIN-based In-Branch Terminal for which it is responsible, in a manner that is no less favorable than the manner in which it honors the cards of any other ATM network in which the Customer participates; and
2. Acquire and process all valid Transactions in a manner that is no less favorable than the manner in which it acquires and processes transactions of any other ATM network in which the Customer takes part.

Except as the Standards permit, a Customer must not discriminate against other Customers of the Corporation as to any of the terms or conditions upon which it honors Cards, or acquires or processes Transactions.

If an Acquirer is expressly permitted by the Corporation or local law to block use of its ATM Terminals to Cards issued by a Customer within the same country, the Acquirer must display notifications accompanying the Marks on or near such ATM Terminals informing the affected Cardholders that their Cards are not accepted.

**NOTE: Modifications to this Rule appear in the “Europe Region” chapter.**

### 3.7 Integrity of Brand and Network

---

A Customer may not directly or indirectly engage in or facilitate any action that is illegal or that, in the opinion of the Corporation and whether or not addressed elsewhere in the Standards, damages or may damage the goodwill or reputation of the Corporation or of any Mark. Upon request of the Corporation, a Customer will promptly cease engaging in or facilitating any such action.

In addition, a Customer must not place or cause to be placed on any Card or any Terminal or other acceptance device any image, information, application or product that would in any way, directly or indirectly, have or potentially have the effect of diminishing or devaluing the reputation or utility of the Marks, a Card, or any of the Corporation’s products, programs, services, networks, or systems.

**NOTE: Modifications to this Rule appear in the “United States Region” chapter.**

## 3.8 Fees, Assessments, and Other Payment Obligations

---

Each Customer is responsible to timely pay to the Corporation all fees, charges, assessments and the like applicable to Activity as may be in effect from time to time, including those set forth in the applicable regional *MasterCard Consolidated Billing System* manual.

If a Customer does not timely pay the Corporation or any other person any amount due under the Standards, then the Corporation has the right, immediately and without providing prior notice to the Customer, to assess and collect from that Customer, on a current basis as the Corporation deems necessary or appropriate, such amount, as well as the actual attorneys' fees and other costs incurred by the Corporation in connection with any effort to collect such amount from that Customer.

The Corporation may assess and collect such amount at any time after the applicable amount becomes due, by any means available to the Corporation, which shall specifically include, by way of example and not limitation:

1. The taking or setoff of funds or other assets of the Customer held by the Corporation;
2. The taking or setoff of funds from any account of the Customer upon which the Corporation is authorized to draw;
3. The taking of funds being paid by the Customer to any other Customer; and
4. The taking of funds due to the Customer from any other Customer.

Each Customer expressly authorizes the Corporation to take the Customer's funds and other assets as authorized by this Rule, and to apply such funds and other assets to any obligation of the Customer to the Corporation or any other person under the Standards, and no Customer shall have any claim against the Corporation or any other person in respect of such conduct by the Corporation.

Each Customer agrees upon demand to promptly execute, acknowledge and deliver to the Corporation such instruments, agreements, lien waivers, releases, and other documents as the Corporation may, from time to time, request in order to exercise its rights under this Rule.

### 3.8.1 Taxes and Other Charges

Each Customer must pay when due all taxes charged by any country or other jurisdiction in which the Customer conducts Activity with respect to such Activity. In the event the Corporation is charged taxes or other charges by a country or other jurisdiction as a result of or otherwise directly or indirectly attributable to Activity, the Customer is obligated to reimburse the Corporation the amount of such taxes or other charges. The Corporation may collect such taxes or other charges from the settlement account of the Principal or Association responsible in accordance with the Standards for the Activity that gave rise to the charge.

### 3.8.2 Maestro and Cirrus Card Fees and Reporting Procedures

A Principal must pay fees based upon the number of Maestro and Cirrus Cards issued by the Principal and its Sponsored Affiliates. In the case of new Affiliates, a Principal must pay a Card fee effective the month after the first Transaction is submitted for the Affiliate.

On or before 30 September of each year, the Corporation will deliver listings to Principals of each specific IIN that appears on the Corporation's routing tables for each Affiliate Customer. On or before 31 October of each year, Principals must certify, as appearing on a report provided by the Corporation:

1. A count of the number of Maestro and Cirrus Cards that are issued using a specific IIN, or
2. A count of the number of Maestro and Cirrus Accounts that have Cards issued for access using a specific IIN.

A Principal must confirm in writing to the Corporation its certification and the certifications of its Sponsored Affiliates. When a count of the number of Accounts that have Cards issued for access is provided, the Corporation will multiply the number provided by a factor of one and four tenths (1.4) to determine the number of Cards issued.

Card count certifications must be signed by the Principal and reviewed by the auditing department, senior officer, or outside auditing firm of the Principal's Service Provider. After such review, concurrence with the Card count certification or the method used to determine the Card count must be provided on the Corporation reports.

### 3.9 Obligation of Customer to Provide Information

---

Upon request by the Corporation, and subject to applicable law or regulation, a Customer must complete and timely deliver Customer Reports to the Corporation or to the Corporation's designee, provided that compliance with the foregoing obligation does not require a Customer to furnish any information, the disclosure of which, in the opinion of this Corporation's legal counsel, is likely to create a significant potential legal risk to this Corporation and/or its Customers. To the extent that a Customer is obligated to provide a Customer Report to the Corporation that the Customer deems to disclose proprietary information of the Customer, such information will be treated by the Corporation with the degree of care deemed appropriate by the Corporation to maintain its confidentiality.

As an example of a Customer Report, each Acquirer must provide Transaction Data to the Corporation in such form and manner as the Corporation may require. As used herein, "Transaction Data" means any data and/or data element or subelement that the Standards require to be used to authorize, clear and/or settle a Transaction (whether authorized, cleared and/or settled via the Interchange System or otherwise) or that the Corporation requires to be provided.

Each Principal and Association must provide the Corporation with current Customer contact information for itself and on behalf of its Sponsored Affiliates, including mailing addresses, air express/hand delivery addresses, telephone numbers, fax numbers, and email addresses.

### 3.10 Confidential Information of Customers

---

The Corporation and its parents, subsidiaries and affiliates (herein collectively referred to as the "Corporation's Affiliates") will not use or disclose confidential information or Confidential Transaction Data furnished to it by Customers or Merchants except to the extent that the use or disclosure is in compliance with applicable law and as specifically provided herein. "Confidential Transaction Data" means any information provided to the Corporation or any of the Corporation's Affiliates by a Customer or Merchant if that information enables the Corporation or any of the Corporation's Affiliates to determine an individual's identity or includes an Account number.

The Corporation or the Corporation's Affiliates may use and/or disclose confidential information and Confidential Transaction Data only as follows:

1. For the benefit of the Customer supplying the information to support the Customer's Program and/or Activities;
2. As may be appropriate to the Corporation's and the Corporation's Affiliates' staff, accountants, auditors, or counsel;
3. As may be required or requested by any judicial process or governmental agency having or claiming jurisdiction over the Corporation or the Corporation's Affiliates;
4. As required for processing Transactions, including authorization, clearing, and settlement;
5. For accounting, auditing, billing, reconciliation, and collection activities;
6. For the purpose of processing and/or resolving chargebacks or other disputes;
7. For the purpose of protecting against or preventing actual or potential fraud, unauthorized transactions, claims, or other liability, including to third parties providing these services;
8. For the purpose of managing risk exposures, franchise quality, and compliance with the Standards;
9. For the purpose of providing products or services to Customers or other third parties, except that any Confidential Transaction Data provided in such products or services will only be provided to a Customer and will consist solely of Confidential Transaction Data provided to the Corporation or to any of the Corporation's Affiliates by that Customer;
10. For the purpose of administering sweepstakes, contests, or other marketing promotions;
11. For preparing internal reports for use by the Corporation or any of the Corporation's Affiliates, staff, management, and consultants for the purposes of operating, evaluating, and managing Corporation business;
12. For preparing and furnishing compilations, analyses, and other reports of aggregated information, and anonymizing confidential information and/or Confidential Transaction Data, provided that such compilations, analyses, or other reports do not identify any (i) Customer other than the Customer for which the Corporation or any of the Corporation's Affiliates prepares the compilation, analysis, or other report or (ii) Cardholder whose Transactions were involved in the preparation of any such compilation, analysis, or other report;
13. For the purpose of complying with applicable legal requirements; or

14. For other purposes for which consent has been provided by the individual to whom the confidential information and/or Confidential Transaction Data relates.

Each Customer must ensure that it complies with the Standards and applicable laws and regulations in connection with disclosing any Confidential Transaction Data or confidential information to the Corporation or to any of the Corporation's Affiliates to allow the uses and disclosures described herein, including any laws and regulations requiring the Customer to provide notices to individuals about information practices or to obtain consent from individuals to such practices.

A Customer must provide Confidential Transaction Data to the Corporation or through the Corporation's processes or systems solely as prescribed by the Standards or as otherwise required by the Corporation or applicable law. For example, a primary account number (PAN) must not be provided through the Interchange System except as required by the technical specifications or other Standards pertaining to the Interchange System or a component thereof.

### 3.11 Use of Corporation Information by a Customer

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The Corporation is not responsible for and disclaims any responsibility for the accuracy, completeness, or timeliness of any information disclosed by the Corporation to a Customer; and the Corporation makes no warranty, express or implied, including, but not limited to, any warranty of merchantability or fitness for any particular purpose with respect to any information disclosed by or on behalf of the Corporation to any Customer or disclosed directly or indirectly to any participant in a Customer's Activity. Each Customer assumes all risk of use of any information disclosed directly or indirectly to a Customer or to any participant in a Customer's Activity by or on behalf of the Corporation.

### 3.12 Confidential Information of the Corporation and the Corporation's Affiliates

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**NOTE: A modification to this Rule appears in the "Digital Activity" chapter.**

A Customer must not disclose confidential information of the Corporation or of the Corporation's parents, subsidiaries, and affiliates (herein collectively referred to as the "Corporation's Affiliates") except:

1. On a need-to-know basis to the Customer's staff, accountants, auditors, or legal counsel subject to standard confidentiality restrictions, or
2. As may be required by any court process or governmental agency having or claiming jurisdiction over the Customer, in which event the Customer must promptly provide written notice of such requirement to the Secretary of the Corporation, and to the extent possible, the Customer must seek confidential treatment by the court or agency.



The obligation set forth herein continues following the termination of a Customer's License. Information provided to a Customer by the Corporation or the Corporation's Affiliates is deemed confidential unless otherwise stated in writing.

A Customer may use confidential or proprietary information and/or trade secrets of the Corporation and the Corporation's Affiliates solely for the purpose of carrying out the Customer's Activities.

### **3.12.1 Customer Evaluation of MasterCard Technology**

From time to time, the Corporation may disclose certain specifications, designs and other technical information or documentation developed by the Corporation ("MasterCard Specifications") to a Customer, solely for the purpose of the Customer's evaluation of such MasterCard Specifications. Any such disclosure is subject to the following:

1. Each Customer to which the Corporation disclosed any MasterCard Specifications is given a non-exclusive, limited, non-transferable, non-sublicenseable right to reproduce and use such MasterCard Specifications solely for the limited purpose of the Customer's internal evaluation. A Customer may implement prototypes based on the MasterCard Specifications for its internal evaluation purposes in furtherance of such limited purpose, but the Customer may not distribute, license, offer to sell, supply or otherwise provide, demonstrate, or otherwise transfer or disclose, to any third party, any MasterCard Specifications, or any implementation of any MasterCard Specifications.
2. The Corporation does not convey, and no Customer obtains, any rights or license in or to the MasterCard Specifications or any other intellectual property of the Corporation as a result of this Rule, other than as expressly set forth in this Rule. All rights not expressly granted to a Customer with respect to the MasterCard Specifications are retained by the Corporation.
3. Each Customer must treat the MasterCard Specifications and all implementations of the MasterCard Specifications as confidential information of the Corporation subject to Rule 3.12.
4. Notwithstanding the provisions of Chapter 7 or any other Standards relating to a Customer's use of Service Providers, a Customer may not use any Service Providers in connection with the Customer's exercise of its rights under this Rule, without the Corporation's express prior written consent, which consent may be withheld or conditioned on other terms and conditions, in the Corporation's sole discretion.

## **3.13 Data Protection**

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**NOTE: Rules on this subject appear in the "Asia/Pacific Region," "Europe Region" and "Middle East/Africa Region" chapters.**

### 3.14 Quarterly MasterCard Report (QMR)

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Each Customer must complete and timely deliver to the Corporation the Quarterly MasterCard Report (“QMR”) in the manner and at such time as the Corporation requires.

#### 3.14.1 Report Not Received

If the Corporation does not receive a Customer’s properly completed QMR questionnaire when and how due, the Corporation may:

1. Impose on the Customer, after review of the Customer’s last correctly submitted QMR questionnaire and assessment paid, an assessment equal to, or greater than, the Customer’s assessment for such calendar quarter;
2. Impose on the Customer a noncompliance assessment;
3. If the Customer’s actual payment based on the QMR questionnaire submitted by the Customer compared with the Corporation’s estimate of payment due results in an underpayment by the Customer, collect the amount of the underpayment due and impose an interest penalty of the lower of two percent per month or the highest rate permitted by law, from the date the payment was first due through the date on which the additional amount due is paid;
4. If the Customer’s actual payment based on the QMR questionnaire submitted by the Customer compared with the Corporation’s estimate of payment due results in an overpayment by the Customer, return the amount of the overpayment, without interest or penalty thereon, as soon as practicable after the overpayment amount is identified and calculated; and
5. Collect the assessment amount and any penalty and interest due thereon from the Customer’s settlement account.

#### 3.14.2 Erroneous or Incomplete Report

If a Customer submits an erroneous or incomplete QMR, the Corporation may:

1. Impose on the Customer, after review of the Customer’s last correctly submitted QMR and assessments paid thereon, an assessment equal to, or greater than, the Customer’s last properly paid assessment for each calendar quarter for which it submitted an erroneous or incomplete QMR;
2. Impose on the Customer a noncompliance assessment;
3. If the Corporation’s estimate of payment due results in an underpayment by the Customer, collect the amount of the underpayment due and impose an interest penalty of the lower of two percent per month or the highest rate permitted by law, from the date the payment was first due and payable through the date on which the additional amount due is paid;
4. If the Corporation’s estimate of payment due results in an overpayment by the Customer, return the amount of the overpayment, without penalty or interest thereon, as soon as practicable after the overpayment amount is identified and calculated; and

5. Collect the assessment amount and any penalty and interest due thereon from the Customer's settlement account.

### **3.14.3 Overpayment Claim**

After the Customer delivers a completed QMR to the Corporation, the Customer may submit a claim asserting an overpayment thereon. The Corporation may review such claim if the claim is received by the Corporation no later than one calendar quarter after the date of the purported overpayment. If the Corporation substantiates the Customer's overpayment claim, the Corporation will return the amount of the overpayment to the Customer as soon as practicable, without interest or penalty thereon.

## **3.15 Cooperation**

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A Customer must fully cooperate with the Corporation and all other Customers in the resolution of Cardholder and settlement disputes.

A Customer, to the best of its ability, must provide requested investigative assistance to any other Customer.

## **3.16 Responsibility for Digital Activity—Wallet Token Requestors**

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**NOTE: Rules on this subject appear in the "Digital Activity" chapter.**

## Chapter 4 Use of the Marks

*This chapter contains Rules relating to the use of the Marks.*

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## 4.1 Right to Use the Marks

---

A right to use one or more of the Marks is granted to Customers and other Licensees only pursuant to the terms of a License with the Corporation. Except as set forth in Rule 1.5, a Mark must not be used in any form or manner before the License is granted.

No additional interest in the Marks is granted with the grant of a right to use the Marks. A Licensee is responsible for all costs and liabilities resulting from or related to its use of a Mark or the Interchange System.

Except as set forth in Rule 1.8.2, each License is non-exclusive and non-transferable. The right to use a Mark may be sublicensed by a Licensee to any Sub-licensee only in accordance with the Standards or otherwise with the express written consent of the Corporation. A Customer or other Licensee that is permitted to sublicense the use of a Mark to a Sub-licensee must ensure, for so long as the sublicense is in effect, that the Mark is used by the Sub-licensee in accordance with the Standards and/or other additional conditions for such use required by the Corporation.

The right to use a Mark cannot be sublicensed or assigned, whether by sale, consolidation, merger, amalgamation, operation of law, or otherwise, without the prior written consent of the Corporation.

The Corporation makes no express or implied representations or warranties in connection with any Mark and the Corporation specifically disclaims all such representations and warranties.

**NOTE: Modifications to this Rule appear in the “Latin America and the Caribbean Region” chapter.**

### 4.1.1 Protection and Registration of the Marks

Protection of the Marks is vital to the Corporation, its Customers and other Licensees. Any use of a Mark must not degrade, devalue, denigrate, or cause injury or damage to the Marks or the Corporation in any way.

By using any Mark, each Customer and other Licensee acknowledges that the Corporation is the exclusive owner and/or licensor of the Marks, and agrees not to contest or assist others, either directly or indirectly, in contesting the Corporation’s sole ownership of the Marks, or otherwise take or fail to alert the Corporation of any action that would be inconsistent with that ownership. All use of any Mark will inure solely to the benefit of the Corporation.

No Customer or other Licensee or Sub-licensee may register, attempt to register or in any way make use of a Mark, or any mark or term that, in the opinion of the Corporation, is deemed to be derivative of, similar to, or in any way related to a Mark. In particular, no use of a Mark may be made on or in connection with any card, device or other application associated with a payment service that the Corporation deems to be competitive with any Activity.

Without limitation, the foregoing shall apply to the registration or use of any mark or term that incorporates, references or otherwise could be confused or associated with a Mark currently or previously Licensed, sublicensed, or otherwise used by a Customer, the Customer’s

Sub-licensees and permittees, and their respective successors or assignees (including, without limitation, by means of acquisition by merger or otherwise, bankruptcy or voluntary or involuntary winding-up).

The Corporation reserves the right to determine, establish and control the nature and quality of the services rendered by its Customers under any mark the Corporation adopts.

In order to preserve the integrity of the Marks and prevent irreparable harm to the Corporation, each Customer agrees to cease using the Marks immediately upon written demand by the Corporation, and consent to the entry of an injunction against their continued use.

If a Customer is threatened with litigation, or is sued with regard to any matter relating to use of the Marks, and such other marks, the Customer must immediately notify the Corporation in writing. The Corporation, in its discretion, may then defend, settle, or consent to the entry of a judicial order, judgment or decree that would terminate any such litigation, or permit such Customer to do so.

**NOTE: Modifications to this Rule appear in the “Europe Region” and “Additional U.S. Region and U.S. Territory Rules” chapters.**

#### **4.1.1.1 Registration of a Card Design**

A Customer or other Licensee must not register or attempt to register any Card design that includes a Mark.

#### **4.1.2 Misuse of a Mark**

A Customer or other Licensee must promptly notify the Corporation whenever the Customer or other Licensee learns of any misuse of any Mark or of any attempt to copy or infringe any of the Marks.

## **4.2 Requirements for Use of a Mark**

---

The following requirements apply to the use of a Mark.

1. A Mark may be used only pursuant to a License. This provision applies, without limitation, to:
  - a. Use of a Mark for advertising or promotional purposes;
  - b. Placing an order for Card stock or for any other material bearing a Mark;
  - c. Displaying a Mark;
  - d. Issuing a Card;
  - e. Signing a Merchant to a Merchant Agreement; and
  - f. Distributing or affixing decals.
2. A Mark may only be used by a Customer or other Licensee to identify and promote Activity.

3. Any use of a Mark must comply with the terms of the License and the Standards, including all of the Corporation's reproduction, usage, and artwork Standards pertaining to such Marks.
4. The applicable Mark must be prominently displayed in all advertising, marketing, promotional, and collateral materials promoting a program or service offered by the Corporation. The inclusion of the Word Mark in the headline or title, or the prominent display of the Word Mark on the first page of the Solicitation satisfies this requirement. Each Solicitation must also include one or more of the following statements, as applicable to the program or service promoted:
  - "MasterCard" and the MasterCard Brand Mark are registered trademarks of MasterCard International Incorporated.
  - "Maestro" and the Maestro Brand Mark are registered trademarks of Maestro International Incorporated.
  - "Cirrus" and the Cirrus Brand Mark are registered trademarks of MasterCard International Incorporated.

### 4.3 Review of Solicitations

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The Corporation reserves the right to review samples and approve or refuse to approve use of a Solicitation. Amended samples, if required as a result of this review, also must be forwarded to the Corporation for review.

### 4.4 Signage System

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The Corporation's interlocking circles signage system is employed when one or more of the Corporation's brands is accepted at a Point of Interaction (POI). The system requires the consecutive vertical or horizontal display of the acceptance Marks in the following sequence—MasterCard, MasterCard Electronic, Maestro, Cirrus, MasterCard Mobile. Of the five brands, only the Marks of those brands that are accepted at a particular POI location may be displayed there.

A Customer must comply with all of the following requirements for display of the Marks:

1. The Marks must be displayed as set forth in the Standards, including those posted on the MasterCard Brand Center website at [www.mastercardbrandcenter.com](http://www.mastercardbrandcenter.com)
2. The Marks must not be separated by any other acceptance marks displayed on the same Terminal.
3. The Marks must not be placed on or near or otherwise be used to identify any acceptance device that does not accept Cards.
4. Signage must not be displayed in a false, deceptive, or misleading manner.

#### 4.4.1 Signage at a Merchant Location

The display of the Acceptance Marks at a Merchant location must comply with Rule 5.7.1. With respect to a Maestro Merchant location, the following applies.

1. The Corporation may permit or prohibit the display of the logo of a Competing EFT POS Network at POS Terminals displaying the Maestro Acceptance Mark.
2. On any new or replacement signage incorporating the marks of a Competing EFT POS Networks or any other international, regional, or bilateral acceptance marks, the Maestro Acceptance Mark must be afforded at least equal prominence and be at least as large.

#### 4.4.2 ATM Terminal Signage

The MasterCard, Maestro, and Cirrus Marks must be displayed on an ATM Terminal. The MasterCard Electronic and MasterCard Mobile Marks must not be displayed on an ATM Terminal. On new or replacement signage incorporating any Competing ATM Network marks, the Acceptance Marks must be afforded at least equal prominence and be at least as large.

### 4.5 Use of the Interlocking Circles Device

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The Corporation's interlocking circles devices, each of which incorporates a Word Mark, must be reproduced as set forth in the MasterCard Brand Center website at [www.mastercardbrandcenter.com](http://www.mastercardbrandcenter.com) and in the *Card Design Standards*.

#### 4.5.1 Use or Registration of Similar Logos, Designs, and Names

A Customer, Licensee, or Sub-licensee may not use or seek to register any logo, design, or decorative element that includes two or more interlocking, adjoining, or adjacent circles, spheres, globes, or similar shapes that, in the opinion of the Corporation, may be likely to cause confusion with, or create a false association, connection or affiliation with, or dilute the distinctiveness of any of the Corporation's interlocking circles devices.

### 4.6 Use of Multiple Marks

---

When two or more Marks that use the interlocking circles device are displayed together, they must have visual parity with one another.

When promoting any Mark with another acceptance mark in any media to denote acceptance, no other acceptance mark, symbol or logo may be or appear to be larger or more important than or more welcomed than the Mark. To maintain visual parity, an Acceptance Mark must be at least as prominent as, and appear in at least the same frequency, size, and color treatment as, any other acceptance mark displayed. To maintain parity within written text, a Word Mark must be at least as prominent as, and appear at least as frequently as, any other acceptance mark mentioned.

**NOTE: Refer to Rule 5.9.1 of "Additional U.S. Region and U.S. Territory Rules" for modifications on the use of the MasterCard Brand Mark.**



## 4.7 Particular Uses of a Mark

---

A Customer must comply with all of the following Standards regarding particular uses of a Mark.

### 4.7.1 Generic Use

A generic term, such as “bank card” or “payment card,” does not function as a Mark. Use of a Mark in a manner that would tend to genericize that Mark or otherwise result in the loss of trademark rights is prohibited.

### 4.7.2 Use of Modifiers

A Customer is permitted to use its name or a geographical designation in conjunction with a Word Mark, such as “California MasterCard card program” or “First Issuer Maestro Department.” The Corporation may prohibit the use of a modifier that it determines will impair the distinctiveness of any Mark or create any likelihood of confusion or reflect poorly on the Corporation.

### 4.7.3 Use on Stationery

A Licensee is permitted to use a Mark on print or electronic stationery, letterhead, envelopes, and the like for the purpose of identifying its Program or service. If a Word Mark is used, the Licensee’s name must appear in close proximity to it, such as “Superior National Bank Cirrus® Department.”

### 4.7.4 Use on Non-Licensed Products or Services

A Mark may not be used in a manner likely to create an impression that any product or service offered by the Licensee, Sub-licensee, or Merchant is sponsored, produced, offered, approved, sold by, or otherwise affiliated with the Corporation. Each Licensee must ensure that each of its Sub-licensees, partners, Merchants, and other Program participants does not apply a Mark to any product or service not expressly permitted by a License.

### 4.7.5 Use or Registration of “Master,” “Maestro,” and “Cirrus” Terminology

Except as expressly permitted in writing by the Corporation, the words “Master,” “Maestro,” and “Cirrus” may not be used or registered as part of a trademark, service mark, corporate name, business name, or Program name, whether preceding, following or linked together as one word, or with a hyphen or slash, or in connection with any financial or bank-related products or services.

### 4.7.6 Use of a Word Mark in a Corporate, Business or Domain Name

A Word Mark may not be used as part of a legal, corporate, or business name, such as “MasterCard® Center, Inc.” No Internet domain name may be registered that includes the

words “MasterCard,” “Maestro,” or “Cirrus,” except as expressly permitted in writing by the Corporation.

#### **4.7.7 Use of a Word Mark in Text**

A Word Mark must be used as an adjective (as in “your Maestro® card”) in the first or most prominent use subsequent to any use in the title, headline, signature, or cover page of an offering, unless:

1. The word “MasterCard,” “Maestro,” or “Cirrus” is used as part of a Customer’s Program name (as in “Customer/Program name MasterCard”); or
2. Otherwise expressly approved in writing by the Corporation.

Use of the word “MasterCard,” “Maestro,” or “Cirrus” as a verb (“MasterCard your gifts”), in plural (“MasterCards”) or in possessive form (“MasterCard’s”) is prohibited.

#### **4.7.8 Program Names**

Each Program name, Solicitation, and service must be referred to by the full, legal name of the applicable brand and include the appropriate registration notice.

#### **4.7.9 Use on Cards**

Standards governing the use of Marks on Cards, including but not limited to Multi-Account Chip Cards and other Cards displaying co-residing Marks, are set forth in the *Card Design Standards*, available on MasterCard Connect™, which are incorporated into these Rules by reference. A Customer must also comply with all of the following Standards regarding the particular uses of a Mark.

### **4.8 Use of Marks on Maestro and Cirrus Cards**

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A Customer that permits any of its debit cards access to the Interchange System must begin issuing debit cards in compliance with the Standards for Maestro and/or Cirrus Cards, as applicable, no later than nine months after the date that any of its debit cards first had access to the Interchange System. The Portfolios must be in full compliance with the Standards no later than 36 months after the date that any of its debit cards first had access to the Interchange System.

The Maestro Brand Marks may not be placed on any debit card that is not eligible to be a Maestro Card or on any credit card.

A Customer must not place any Competing EFT POS Network debit marks on a Maestro Card.

A Visa card issued by a Customer may display only the Cirrus Word Mark, which must be a minimum of one-half (1/2) inch across measured horizontally, not including the required registration mark.

**NOTE: Modifications to this Rule appear in the “Canada Region,” “Europe Region,” “Latin America and the Caribbean Region,” and “Additional U.S. Region and U.S. Territory Rules” chapters.**

## 4.9 Use of Marks on MasterCard Cards

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No acceptance mark may appear on a MasterCard Card except as set forth in the Standards, including the *Card Design Standards* manual and other Card design specifications.

Except as expressly permitted by the Corporation, none of the following marks or any similar or related mark, or any mark owned by or affiliated with one of these entities, may appear on a Card.

1. American Express
2. JCB
3. Diners Club
4. Discover
5. Visa
6. Any other name, logo, or mark identifying or in any way associated with a payment service that the Corporation deems to be competitive with any MasterCard product or Program.

Any such competitor’s credit or debit POI mark, logo, or name, regardless of whether registered, may not appear on a Card, nor may a payment application of any such competitor reside on the magnetic stripe or chip of a Card. The appearance of the PLUS word mark on the back of the Card is permitted where there is an effective PLUS agreement with the Issuer.

No Customer or other Licensee or Sub-licensee or any of its affiliates may register, attempt to register, or in any way make use of any Marks or any mark or term that the Corporation in its sole discretion deems to be derivative of, similar to, dilutive of, or in any way related to a Mark on any Card, device, or other application associated with a payment service that the Corporation deems to be competitive with any Activity of the Corporation. Without limitation, the foregoing shall specifically apply to registration or use of any mark or term that incorporates, references, or otherwise could be confused or associated with any Mark currently or previously Licensed, sublicensed (to the extent sublicensing has been previously permitted), or used by a Customer, its Sub-licensees and permittees, and their respective successors or assignees (including, without limitation, by virtue of acquisition by merger or otherwise, bankruptcy or voluntary or involuntary winding-up.)

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Canada Region,” “Europe Region,” and “Additional U.S. Region and U.S. Territory Rules” chapters.**

## 4.10 Use of a Card Design in Merchant Advertising and Signage

---

A Merchant is prohibited from using a MasterCard or Maestro Card design to indicate acceptance in Merchant advertising or other signage, other than signage for a Co-Brand Program in which the Merchant is a Co-Brand Partner. A Merchant may display an Issuer-specific MasterCard or Maestro Card design in Merchant advertising and any other signage that is not used to signify acceptance.

## 4.11 Use of a Card Design in Issuer Advertising and Marketing Material

---

An Issuer is permitted to depict a MasterCard, Maestro, or Cirrus Card face for an advertising or marketing purpose, subject to the following requirements.

1. The proportions of the Card face design, including typestyle and relative positions of the legends, may not be altered or distorted.
2. The legend "VALID THRU" or the equivalent must be depicted on the Card face design, unless the Card face design contains an effective date and an expiration date, in which case the words "VALID DATES" must be depicted in accordance with the requirements set forth in the *Card Design Standards*.
3. The Card face design must bear Account information (for example, the Account number, the effective date and/or expiration date) and all Card face design requirements set forth in the Card Design Standards System. The first six digits of the Account number must be either a BIN assigned to the Issuer by the Corporation or the unassigned BIN 541275, which the Corporation has set aside for Issuer use in advertising and marketing Card face designs.
4. The MasterCard Identification Area (or the MasterCard Brand Mark, if the Card face design depicts a MasterCard Card with the hologram on the Card back) must be completely visible on at least one Card face design depicted in the materials.

## 4.12 Use of the MasterCard Card Design in Cardholder Statement Enclosures

---

The MasterCard Card face design must be displayed on statement enclosures used to offer products or services to Cardholders through the use of a Customer's MasterCard Card. The MasterCard Brand Mark may be used in lieu of the Card face design if the Customer's name is displayed on the statement enclosure.

## 4.13 Use of the Brand Marks on Other Cards

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A Brand Mark must not be used on a promotional card or other card without the prior written consent of the Corporation.

## Chapter 5 Acquiring

*This chapter contains Rules relating to Merchant and ATM Owner Agreements, Acquirer and Merchant obligations, and Card acceptance requirements.*

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## 5.1 The Merchant and ATM Owner Agreements

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Each Customer in its capacity as an Acquirer must directly enter into a written Merchant Agreement with each Merchant and must directly enter into a written ATM Owner Agreement with each ATM owner from which it acquires Transactions, whether such Transactions are submitted to the Customer directly by the Merchant or ATM owner or through a Service Provider acting for or on behalf of such Customer.

The Acquirer must acquire all valid Transactions submitted to it from a Merchant in accordance with the Merchant Agreement, and all valid ATM Transactions in accordance with the ATM Owner Agreement. An Acquirer must not submit for processing through the Interchange System any Transaction resulting from the acceptance of a Card by an entity or person except pursuant to a Merchant Agreement or ATM Owner Agreement then in effect between the Acquirer and the entity or person.

Each Merchant Agreement and each ATM Owner Agreement must reflect the Acquirer's primary responsibility for the Merchant or ATM owner relationship and the establishment of all management and operating policies relating to its acquiring Programs, and must otherwise comply with the Standards. A Merchant Agreement or ATM Owner Agreement must not include any provision that limits, or attempts to limit, the Acquirer's responsibility for such Programs.

### 5.1.1 Verify Bona Fide Business Operation

Before entering into, extending, or renewing a Merchant Agreement or ATM Owner Agreement, an Acquirer must verify that the Merchant or ATM owner from which it intends to acquire Transactions is a bona fide business, has sufficient safeguards in place to protect Account data from unauthorized disclosure or use, and complies with applicable laws, and that each POS Transaction will reflect bona fide business between the Merchant or Submerchant and a Cardholder. Procedures for verifying that a Merchant or ATM owner is a bona fide business are set forth in Chapter 7 of the *Security Rules and Procedures* manual.

### 5.1.2 Required Merchant Agreement Terms

Each Merchant Agreement must contain the substance of each of the Standards set forth in Rules 5.4 through 5.12, and any other Standards applicable to the nature and manner of the Merchant's business. The failure to include the substance of any one or more of such Standards in the Merchant Agreement or the grant of a variance by the Corporation with respect to any one or more such Standards does not relieve an Acquirer from responsibility for chargebacks or compliance.

Each Merchant Agreement may contain only such terms agreed to by the Acquirer and the Merchant, provided that no such term conflicts with any Standard. The Merchant Agreement must also provide that the Merchant's use or display of any Mark will terminate effective with the termination of the Merchant Agreement or upon notification by the Corporation to discontinue such use or display.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Europe Region,” “Middle East/Africa Region,” and “United States Region” chapters.**

#### **5.1.2.1 Gambling Merchants**

Each Merchant Agreement with a Merchant proposing to engage in gambling Transactions must incorporate the following terms.

1. If the Merchant proposes to engage in Internet gambling Transactions, the Merchant must post a notice on its websites (in a position such that the notice will be displayed before Account information is requested, such as a click-through notice) stating that assertions have been made that Internet gambling may not be lawful in some jurisdictions, including the United States, and suggesting that the Cardholder check whether Internet gambling is lawful under applicable law.
2. Unless the Merchant is a registered Payment Facilitator, a Merchant must not sell chips or other value that can be used, directly or indirectly, to gamble at locations other than those that the Merchant wholly owns.
3. A Merchant must not credit winnings, unspent chips, or other value usable for gambling to a MasterCard Account. Refer to Chapter 6 of the *Transaction Processing Rules* manual for Standards applicable to use of the Gaming Payment Transaction to transfer winnings or unspent chips or other value usable for gambling to a MasterCard or Maestro Account in some Europe Region countries.
4. All non–face-to-face gambling Transactions identified with MCC 7995 and effected with a MasterCard Card or Account must include the CVC 2 value in DE 48 (Additional Data—Private Use), subelement 92 of the Authorization Request/0100 message.

#### **5.1.3 Required ATM Owner Agreement Terms**

The ATM Owner Agreement must, in substance, include all of the following terms.

1. The ATM owner received, understands, and agrees to comply with all Standards that apply to the nature and manner of the ATM owner’s business as that business relates to the ownership and/or deployment of an ATM.
2. On an ongoing basis, and in no event less than quarterly, the ATM owner is promptly to provide the Acquirer with all information for each of its ATM locations as required by the Corporation to maintain its Location Administration Tool (LAT), including but not limited to each ATM location name, address, and Terminal ID.
3. In the event of any inconsistency between any provision of the ATM Owner Agreement and the Standards, the Standards shall govern.
4. The ATM Owner Agreement automatically terminates if the Acquirer ceases to be a Customer for any reason. The Corporation retains the right to require that the Acquirer terminate the ATM Owner Agreement if the Corporation determines that any ATM owner appears not to be qualified for any reason.
5. The ATM owner acknowledges that the Corporation is the sole and exclusive owner of the Marks and agrees that the ATM owner will not contest the ownership of the Marks for any reason whatsoever. The Corporation may at any time, immediately and without advance notice, prohibit the ATM owner from using any of the Marks for any reason.



6. The ATM owner acknowledges and agrees that the Corporation has the right to enforce any provision of the Standards and to prohibit any ATM owner conduct that may injure or may create a risk of injury to the Corporation, including injury to reputation, or that may adversely affect the integrity of the Corporation's core payment systems, information, or both. The ATM owner must agree not to take any action that might interfere with, or prevent exercise of, this right by the Corporation.

#### **5.1.4 Maintaining Information**

The Acquirer must maintain, on an ongoing basis:

1. For each Merchant participating in the Acquirer's Program, the Merchant's name and address and a signed, unexpired Merchant Agreement; and
2. For each ATM owner participating in the Acquirer's Program, a signed, unexpired ATM Owner Agreement and all of the following information:
  - a. The complete name and address of the ATM owner (or principals of the business if the ATM owner is a corporation, partnership, or limited liability company).
  - b. The complete address of the ATM Terminal location, if different from that of the ATM owner.
  - c. The ATM owner's legal status (for example, corporation, partnership, sole proprietor, non-profit, other), and the applicable Federal Taxpayer Identification Number (TIN), Federal Employer Identification Number (FEIN) or Social Security Number (SSN), or other equivalent government registration identifiers appropriate to the ATM owner's country of operation.
  - d. The legal name, and if applicable the "Doing Business As" (DBA) name, of the ATM Terminal location.
  - e. The complete name and address of any Third Party Processor (TPP) performing services for, or otherwise associated with, the ATM owner.
  - f. The complete name and address of any entity, other than the ATM owner, that receives revenue as a result of the use, lease, placement, and/or maintenance of the ATM Terminal.
3. The supplier, manufacturer, and model of each of its ATM Terminals and PIN-based In-Branch Terminals.

#### **5.1.4.1 Location Administration Tool (LAT) Updates**

The Acquirer must provide current and accurate information regarding its ATM Terminals and PIN-based In-Branch Terminals by means of quarterly updates to the Location Administration Tool (LAT) on MasterCard Connect™ .

## **5.2 Merchant and Submerchant Compliance with the Standards**

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The Acquirer is responsible for ensuring that each of its Merchants complies with the Standards, and the Acquirer is itself responsible to the Corporation and to other Customers for any Merchant's or Submerchant's failure to do so.

The Acquirer must not support any Merchant or Submerchant action having a purpose or effect of evading detection by the Corporation's fraud monitoring and other compliance thresholds set forth in the Standards, including but not limited to "load balancing" (that is, the distribution of Transactions between or among Merchant ID numbers in order to avoid minimum thresholds).

The Acquirer must take such actions as may be necessary or appropriate to ensure a Merchant's or Submerchant's ongoing compliance with the Standards by monitoring, on an ongoing basis, the Activity and use of the Marks of each of its Merchants. Minimum Merchant monitoring Standards are set forth in Chapters 6 and 7 of the *Security Rules and Procedures* manual.

Failure by a Merchant, Submerchant, or Acquirer to comply with any Standard may result in chargebacks, an assessment to the Acquirer, and/or other disciplinary action.

### **5.2.1 Noncompliance Assessments**

If the Corporation becomes aware of a Merchant's noncompliance with any Standard, the Corporation may notify the Acquirer and may assess and/or otherwise discipline the Acquirer for such noncompliance, and the Acquirer must promptly cause the Merchant to discontinue the noncompliant practice. A notification by the Corporation with respect to any one location of a Merchant requires the Acquirer to ensure that the Merchant is in compliance with the Standards at all locations of the Merchant that are subject to the Merchant Agreements.

An Acquirer in violation of Rule 5.1 may be assessed up to USD 2,500 per day with respect to each entity or person on whose behalf the Acquirer submits Transactions into interchange with no Merchant Agreement being in effect between the Acquirer and the entity or person, retroactive to the first day of such noncompliant practice.

As set forth in Rule 2.1.6, a Customer may request that the Chief Franchise Integrity Officer of the Corporation review an assessment for a Merchant's noncompliance with a Standard.

## 5.3 Acquirer Obligations to Merchants

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An Acquirer must fulfill all of the obligations set forth in this Rule 5.3 with respect to each of its Merchants.

### 5.3.1 Payment for Transactions

The Acquirer must pay the Merchant the amount (either gross or net of Merchant discount or setoff) of all Transactions that the Acquirer acquires from the Merchant in accordance with the Merchant Agreement and the Standards. This obligation is not discharged with regard to a Transaction until the Merchant receives payment from the Acquirer that acquired the Transaction, notwithstanding any Acquirer payment arrangement, including any such arrangement between an Affiliate and its Sponsor. A Merchant Agreement may provide for an Acquirer to withhold amounts for chargeback reserves or similar purposes in accordance with the Standards.

### 5.3.2 Supplying Materials

The Acquirer must regularly ensure the Merchant is provided with all materials necessary to conduct POS Transactions in accordance with the Standards and to signify Card acceptance. These materials may include POS Terminals, PIN pads, Card acceptance decals, signage, and the like.

### 5.3.3 Provide Information

**NOTE: Rules on this subject appear in the “Canada Region,” “Europe Region,” and “United States Region” chapters.**

### 5.3.4 Merchant Deposit Account—Canada Region Only

**NOTE: A Rule on this subject appears in the “Canada Region” chapter.**

## 5.4 Merchant Location

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Except as otherwise provided in the Standards, a Merchant may accept Cards only at locations that are within the Acquirer’s Area of Use.

In the absence of persuasive contrary information, a Merchant’s location generally is deemed to be the address set forth in the Merchant Agreement. The Acquirer is responsible for verifying that such address is a location from which the Merchant is conducting the business described in the Merchant application. When determining a Merchant’s location, the Acquirer should consider, among other factors, whether the Merchant (i) holds a business license or is otherwise authorized to conduct the business; (ii) pay taxes; and (iii) maintains an office or other physical presence and can receive business-related mail. By way of example and not limitation, a post office box address, the location at which a server is stored, the address of a

warehouse having no business-related functions, and the Uniform Resource Locator (URL) of a website do not establish a physical location.

Any disagreement between Customers regarding a Merchant location may be referred to the Corporation for final resolution. The Corporation has the right, at any time, to determine a Merchant's location based upon such information as may be available.

#### **5.4.1 Disclosure of Merchant Location**

An Acquirer must ensure that each of its Merchants prominently and clearly discloses to the Cardholder at all points of interaction:

1. The name of the Merchant, so that the Cardholder can easily distinguish the Merchant from any other party, such as a supplier of products or services to the Merchant; and
2. The location (physical address) of the Merchant to enable the Cardholder to easily determine, among other things, whether the Transaction will be a Domestic Transaction or a Cross-border Transaction. The Merchant location must be disclosed before the Cardholder is prompted to provide Card information.

The Merchant name and location, as disclosed to the Cardholder, must be the same as what is provided in authorization and clearing Transaction messages.

### **5.5 Submerchant Location**

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Except as otherwise provided in the Standards, a Submerchant may accept Cards only at locations that are within the Acquirer's Area of Use.

In the absence of persuasive contrary information, a Submerchant's location generally is deemed to be the address set forth in the Submerchant Agreement. The Acquirer is responsible for verifying that such address is a location from which the Submerchant is conducting the business described in the Submerchant application, or the Acquirer may permit the Payment Facilitator to manage this obligation on its behalf. When determining a Submerchant's location, the Acquirer or Payment Facilitator should consider, among other factors, whether the Submerchant (i) holds a business license or is otherwise authorized to conduct the business; (ii) pay taxes; and (iii) maintains an office or other physical presence and can receive business-related mail. By way of example and not limitation, a post office box address, the location at which a server is stored, the address of a warehouse having no business-related functions, and the Uniform Resource Locator (URL) of a website do not establish a physical location. The Acquirer must transmit the Submerchant location, substantially the same as it appears on any Transaction receipt provided, in DE 43.

Any disagreement between Customers regarding a Submerchant location may be referred to the Corporation for final resolution. The Corporation has the right, at any time, to determine a Submerchant's location based upon such information as may be available.

### 5.5.1 Disclosure of Submerchant Location

An Acquirer must ensure that each of its Payment Facilitators' Submerchants prominently and clearly discloses to the Cardholder at all points of interaction:

1. The name of the Submerchant, so that the Cardholder can easily distinguish the Submerchant from any other party, such as a supplier of products or services to the Submerchant; and
2. The location (physical address) of the Submerchant to enable the Cardholder to easily determine, among other things, whether the Transaction will be a Domestic Transaction or a Cross-border Transaction. The Submerchant location must be disclosed before the Cardholder is prompted to provide Card information.

The Submerchant name and location, as disclosed to the Cardholder, must be the same as what is provided in authorization and clearing Transaction messages.

## 5.6 Responsibility for Transactions

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Each Merchant and Submerchant must ensure that the Cardholder is easily able to understand that the Merchant or Submerchant is responsible for the Transaction, including delivery of the goods (whether physical or digital) or provision of the services that are the subject of the Transaction, and for customer service and dispute resolution, all in accordance with the terms applicable to the Transaction.

## 5.7 Transaction Message Data

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An Acquirer must provide valid, accurate, and consistent data in all authorization and clearing Transaction messages. Refer to the *Single Message System Specifications*, *Customer Interface Specification* and *IPM Clearing Formats* manuals for technical requirements relating to Transaction data.

### 5.7.1 Card Acceptor Business Code (MCC) Information

The Acquirer must ensure that each Merchant and Submerchant is identified in authorization and clearing Transaction messages with the Card acceptor business code (MCC) that reflects the primary business of the Merchant or Submerchant.

Any Transaction that includes the sale of products or services properly identified with one of the following MCCs must be identified with such MCC:

- Gambling Transactions (MCC 7995)
- Money Transfer (MCC 4829)
- Quasi Cash—Customer Financial Institution (MCC 6050)
- Quasi Cash—Merchant (MCC 6051)

For MCC descriptions, refer to Chapter 3 of the *Quick Reference Booklet*.

The Corporation shall have the ultimate authority to dictate the appropriate MCC if any dispute shall arise.

**NOTE: A modification to this Rule appears in the “United States Region” chapter.**

### **5.7.2 Submerchant Name Information**

Effective for Transactions occurring before 17 April 2015, if the Cardholder is linked to a Payment Facilitator’s website from a Submerchant’s website for payment, the name of the Payment Facilitator must appear in DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name) in conjunction with the name of the Submerchant. If the Cardholder accesses the Payment Facilitator’s website directly, and its name is visible to the Cardholder throughout Transaction from selection of products and/or services to the completion of the checkout process, then the Payment Facilitator’s name may appear in DE 43 without the name of the Submerchant. For Card-present Transactions, both the Payment Facilitator name and the Submerchant name must appear in DE 43, unless only the name of the Payment Facilitator is known to the Cardholder.

Effective for Transactions occurring on or after 17 April 2015, the Acquirer must ensure that a Transaction conducted by a Submerchant includes the names of both the Payment Facilitator and the Submerchant in DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name). The Payment Facilitator name, in full or in abbreviated form, must be three, seven, or 12 characters in length, followed by “\*” and the Submerchant name.

### **5.7.3 ATM Terminal Information**

The Acquirer of an ATM Transaction must transmit the ATM owner name and ATM location address, substantially the same as it appears on any Transaction receipt provided, in DE 43 (Card Acceptor Name/Location) and the unique ATM Terminal identification information in DE 41 (Card Acceptor Terminal ID) of each Transaction message. An Acquirer and any Service Provider performing ATM Transaction processing services must also identify itself using a unique number, which is assigned by the Interchange System.

### **5.7.4 Transactions at Terminals with No Fixed Location**

A Transaction arising from a Terminal with no fixed location (for example, aboard a train or ship) may be deemed to take place in the country where the Merchant operating a POS Terminal or the Acquirer of an ATM Terminal or PIN-based In-Branch Terminal is headquartered or where the Transaction is processed.

## **5.8 Transaction Currency Information**

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Each Acquirer that presents Transactions in a currency which is not the official currency of the country where the Transactions took place, including Transactions on which POI currency conversion has been performed, must register with the Corporation. When there is a change in the currency(ies) in which Transactions are presented or in the use of a third party, the Acquirer is required to update its registration no later than 30 days after the change.

## 5.9 Use of the Marks

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A Merchant is only permitted to use a Mark in accordance with a Merchant Agreement with its Acquirer.

The Merchant Agreement must provide that:

1. Any use of a Mark by a Merchant in advertising, acceptance decals, or signs, must be in accordance with the Standards, including the Corporation's reproduction, usage, and artwork Standards, as may be in effect from time to time; and
2. The Merchant's use or display of any Mark will terminate effective with the termination of the Merchant Agreement, or upon notification by the Corporation to discontinue such use or display.

The Acquirer must ensure that its Merchants and ATM owners:

1. Use or display the Marks in accordance with the Standards, and
2. Ceases all use of the Marks immediately upon termination of the Merchant Agreement or ATM Owner Agreement, or upon notification by the Corporation to discontinue such use.

The use or display of any Mark does not give a Merchant or ATM owner any ownership or interest in the Mark.

### 5.9.1 Display of the Acceptance Marks

An Acquirer must ensure that all of its Merchants, ATM Terminals, and PIN-based In-branch Terminals prominently display the appropriate Acceptance Marks at the Point-of-Interaction (POI), wherever payment options are presented. An Acceptance Mark may also be displayed in advertising or other materials or images at the physical or electronic POI to indicate brand acceptance. No other Marks or marks may be used for these purposes. An Acquirer must provide its Merchants and ATM Terminal operators with the appropriate artwork in a format authorized by the Corporation. A Merchant may be required to supply its Acquirer with samples of any materials or images bearing the Acceptance Marks.

#### 5.9.1.1 Location of Display

The Acceptance Marks must be clearly visible to the public at the POI. The preferred location to post the Acceptance Marks at a physical POI is the entrance, nearby window or door of the Merchant location, and on the first screen of an electronic POI.

Where it is not possible to post signage at the entrance of the Merchant location, posting the Acceptance Marks so as to be seen easily and readily within the location will satisfy the requirement. Where it is not possible to post the Acceptance Marks on the first screen of an electronic POI, posting the Acceptance Marks on the payment screen will satisfy the requirement.

A Mark must not appear on the website of a supplier to a Merchant or of any other entity that is not itself a Merchant (such as, by way of example and not limitation, an entity that is contracted by the Merchant to deliver the products or provide the services that are subject of the Transaction).

#### **5.9.1.2 Display with Other Marks**

Other acceptance marks, symbols, logos, or combinations thereof may appear in the same material or image with the Acceptance Marks, provided visual parity is maintained and no other acceptance mark, symbol, or logo displayed is more prominent or likely to cause confusion concerning the acceptance of Cards. Each Acceptance Mark must be displayed as a free-standing mark, meaning that an Acceptance Mark must not be displayed so as to suggest that it is either a secondary means of payment or exclusively linked to another acceptance brand.

**NOTE: Refer to Rule 4.4 for more information about the Corporation’s signage system and the proper display of Acceptance Marks. Refer to Rule 5.9.1 in “Additional U.S. Region and U.S. Territory Rules” for modifications on the use of the MasterCard Brand Mark.**

## **5.10 Merchant Obligations for Acceptance**

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An Acquirer must ensure that each of its Merchants complies with the Card acceptance requirements set forth in this Rule with respect to the Acceptance Marks specified in the Merchant Agreement.

### **5.10.1 Honor All Cards**

A Merchant must honor all valid Cards without discrimination when properly presented for payment. A Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Card.

A Merchant that does not deal with the public at large (for example, a private club) is considered to comply with this Rule if it honors all valid and properly presented Cards of Cardholders that have purchasing privileges with the Merchant.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Canada Region,” “Middle East/Africa Region,” and “United States Region” chapters.**

### **5.10.2 Merchant Acceptance of MasterCard Cards**

**NOTE: Rules on this subject appear in the “Asia/Pacific Region,” “Europe Region,” “Middle East/Africa Region,” and “United States Region” chapters.**

### **5.10.3 Obtain an Authorization**

When required by the Standards or by the Acquirer, the Merchant must obtain an authorization before completing a Transaction. Refer to the *Transaction Processing Rules* manual for authorization requirements.

### **5.10.4 Additional Cardholder Identification**

A Merchant may request but must not require a Cardholder to provide additional identification information as a condition of Card acceptance, unless such information is



required to complete the Transaction, such as for shipping purposes, or the Standards specifically permit or require such information to be collected.

A Merchant in a country or region that supports use of the MasterCard Address Verification Service (AVS) for MasterCard POS Transactions may require the Cardholder's ZIP or postal code to complete a Cardholder-Activated Terminal (CAT) Transaction, or the Cardholder's address and ZIP or postal code to complete a mail order, phone order, or e-commerce Transaction.

### 5.10.5 Discounts or Other Benefits at the Point of Interaction

**NOTE: Rules on this subject appear in the "Asia/Pacific Region," "Canada Region," "Europe Region," "Latin America and the Caribbean Region," and "Middle East/Africa Region" chapters.**

## 5.11 Prohibited Practices

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An Acquirer must ensure that none of its Merchants engage in any of the prohibited practices set forth in this Rule.

### 5.11.1 Discrimination

A Merchant must not engage in any acceptance practice that discriminates against or discourages the use of a Card in favor of any other acceptance brand.

**NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "United States Region," and "Additional U.S. Region and U.S. Territory Rules" chapters.**

### 5.11.2 Charges to Cardholders

A Merchant must not directly or indirectly require any Cardholder to pay a surcharge or any part of any Merchant discount or any contemporaneous finance charge in connection with a Transaction. A Merchant may provide a discount to its customers for cash payments. A Merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used, or as the Corporation has expressly permitted in writing.

For purposes of this Rule:

1. A surcharge is any fee charged in connection with a Transaction that is not charged if another payment method is used.
2. The Merchant discount fee is any fee a Merchant pays to an Acquirer so that the Acquirer will acquire the Transactions of the Merchant.

**NOTE: Modifications to this Rule appear in the "Canada Region" and "Additional U.S. Region and U.S. Territory Rules" chapters.**

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### 5.11.3 Minimum/Maximum Transaction Amount Prohibited

A Merchant must not require, or indicate that it requires, a minimum or maximum Transaction amount to accept a valid and properly presented MasterCard or Maestro Card.

**NOTE: A modification to this Rule appears in the “Additional U.S. Region and U.S. Territory Rules” chapter.**

### 5.11.4 Scrip-dispensing Terminals

The Acceptance Marks must not be displayed at any POS Terminal, ATM Terminal, or PIN-based In-Branch Terminal that dispenses scrip.

A Merchant must not submit to its Acquirer, and an Acquirer must not submit to the Interchange System, any Transaction that arises from the acceptance of a Card at a scrip-dispensing Terminal.

### 5.11.5 Existing MasterCard Cardholder Obligations

A Merchant must not submit to its Acquirer, and a Customer must not submit to the Interchange System, any Transaction that:

1. Represents the refinancing or transfer of an existing MasterCard Cardholder obligation that is deemed to be uncollectible; or
2. Arises from the dishonor of a MasterCard Cardholder’s personal check.

A Merchant may submit a Transaction identified with MCC 6051 (Quasi-Cash—Merchant) for the payment of an existing Cardholder obligation owed to the Merchant.

### 5.11.6 Cardholder Right of Dispute

A Merchant must not impose, as a condition of MasterCard or Maestro Card acceptance, a requirement that the Cardholder waive a right to dispute a Transaction.

### 5.11.7 Illegal or Brand-damaging Transactions

A Merchant must not submit to its Acquirer, and a Customer must not submit to the Interchange System, any Transaction that is illegal, or in the sole discretion of the Corporation, may damage the goodwill of the Corporation or reflect negatively on the Marks.

The Corporation considers any of the following activities to be in violation of this Rule:

1. The sale or offer of sale of a product or service other than in full compliance with law then applicable to the Acquirer, Issuer, Merchant, Cardholder, Cards, or the Corporation.
2. The sale of a product or service, including an image, which is patently offensive and lacks serious artistic value (such as, by way of example and not limitation, images of nonconsensual sexual behavior, sexual exploitation of a minor, nonconsensual mutilation of a person or body part, and bestiality), or any other material that the Corporation deems unacceptable to sell in connection with a Mark.

An Acquirer that has been notified of a Merchant’s noncompliance with this Rule and that fails promptly to cause the noncompliant practice to cease, or that has been notified multiple

times regarding violations of this Rule, is subject, at the Acquirer's expense, and in addition to any other noncompliance assessment or other discipline, or both, to any one or more of the following:

1. A Fraud Management Program (FMP) Level 3 Customer review as described in the *Security Rules and Procedures* manual.
2. An audit at the sole expense of the Acquirer by a third party selected by the Corporation, of the Acquirer's acquiring practices. The Corporation may list a MasterCard Merchant which the Corporation determines is noncompliant with this Rule on the MATCH system. (See Chapter 11 of the *Security Rules and Procedures* manual.)

#### **5.11.7.1 Assessments for Merchant Noncompliance**

An Acquirer in violation of Rule 5.9.7 may be assessed, with respect to each Merchant, entity, affiliate, agent, or person on whose behalf the Acquirer submits illegal or brand-damaging Transactions into interchange:

- USD 200,000 or
- USD 2,500 per day, retroactive to the first day of the noncompliant practice, provided the Acquirer can show clear and convincing evidence that such noncompliant practice began less than 80 days prior to the date of the Corporation's notification to the Acquirer.

#### **5.11.8 Disparagement**

**NOTE: A Rule on this subject appears in the "Additional U.S. Region and U.S. Territory Rules" chapter.**

#### **5.11.9 MasterCard Tokens**

Neither an Acquirer nor any of the Acquirer's Merchants or Service Providers, including but not limited to any such entity that the Corporation has registered as a Token Requestor, may use Account or Transaction data to create or maintain a repository of MasterCard Token primary account numbers (PANs) and corresponding Account PANs or perform mapping of MasterCard Token PANs to Account PANs for any purpose.

The PAN of a MasterCard Card or Access Device or any Maestro Card or Access Device for which Maestro is the primary Payment Application must not be replaced by, mapped to, or Tokenized with any PAN issued from an Issuer Identification Number (IIN) reserved by the ISO Registration Authority for a competing payment network. Refer to the current *ISO Register Of Issuer Identification Numbers* for more information.

### **5.12 Valid Transactions**

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A Merchant must submit to its Acquirer records of valid Transactions only between the Merchant and a bona fide Cardholder.

A Merchant must not submit to its Acquirer a Transaction that the Merchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that it knows or should

have known to be authorized by a Cardholder colluding with the Merchant for a fraudulent purpose. For purposes of this Rule, the Merchant is deemed to be responsible for the conduct of its employees, agents, and representatives.

## **5.13 Sale or Exchange of Information**

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A Merchant must not sell, purchase, provide, exchange or in any manner disclose Account or Transaction data, or personal information of or about a Cardholder to anyone other than its Acquirer, to the Corporation, or in response to a valid government demand.

This prohibition applies to Card imprints, TIDs, carbon copies, mailing lists, tapes, database files, and all other media created or obtained as a result of a Transaction.

## Chapter 6 Issuing

*This chapter contains Rules relating to the issuance of Cards, Issuer obligations, and Special Issuer Programs.*

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## 6.1 Card Issuance—General Requirements

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An Issuer must operate each of its Programs in accordance with the Standards as may be in effect from time to time.

Each Program must be:

- Structured so as to avoid undue risk to the Corporation and its Customers; and
- Operated in a manner that does not reflect poorly on the Corporation or any Mark.

An Issuer must ensure that a Card or Access Device:

1. Only provides access to an eligible account type;
2. Displays the appropriate Brand Marks pursuant to the applicable License and the Standards, including the *Card Design Standards* manual and all other reproduction, usage and artwork Standards;
3. Complies with the Standards set forth in Chapter 3 of the *Security Rules and Procedures* manual; and
4. If it contains a chip or has contactless payment functionality, complies with the Standards set forth in the *MIChip Requirements for Contact and Contactless* manual.

There is no limitation on the types of Accounts that may co-reside on the same Mobile Payment Device, provided that such Accounts are not linked, but rather exist independently and are each accessed by a separate and distinct Payment Application hosted on the same user interface.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Canada Region,” and “Europe Region” chapters.**

### 6.1.1 MasterCard Card Issuance

The following requirements apply to the issuance of MasterCard Cards:

1. If an approved Cardholder application for issuance of a payment card or access device indicates the applicant’s preference, by way of a checkmark or otherwise, to be issued a MasterCard Card, then the Issuer must issue a MasterCard Card.
2. In conjunction with MasterCard Card issuance, the Issuer must provide a personal identification number (PIN) or offer the Cardholder the option to receive or select a PIN for purposes of Account access at ATM Terminals. PIN verification may also be supported for Chip Transactions. Refer to section 4.7 of the *Security Rules and Procedures* manual regarding the use of PIN for magnetic stripe POS Transactions.
3. An Issuer must ensure that each contactless-enabled MasterCard Card and Access Device newly issued or re-issued on or after 1 October 2015 is personalized with the appropriate device type value.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Canada Region,” “Europe Region,” “Middle East/Africa Region,” and “United States Region” chapters.**

### 6.1.1.1 Linked MasterCard Card Program Solicitations

Without the express prior written consent of the Corporation, an Issuer must not use a Solicitation or conduct any advertising, promotion, marketing, or the like in connection with a MasterCard Card Program that is in any way linked to a different payment card.

### 6.1.2 Maestro Card Issuance

The following requirements apply to the issuance of Maestro Cards:

1. The Issuer must maintain the funds in the Maestro Account.
2. The Issuer must not place the Maestro Brand Mark on any card that has access to any of the following types of accounts:
  - a. A charge card or credit card account as the primary account; or
  - b. Accounts that “pass-through” to an account at an institution not eligible to be a Customer.
3. In conjunction with Maestro Card issuance, the Issuer must provide a PIN or allow the Cardholder to select a PIN.
4. An Issuer must verify its Cardholders by means of online PIN verification as the CVM if a magnetic stripe is used to initiate the Transaction, except under the circumstances outlined in “Maestro Cardholder Verification—PIN and Signature Requirements” in Chapter 3 of the *Transaction Processing Rules* manual.
5. Chip Cards must support both online PIN verification and offline PIN verification for POS Transactions.

**NOTE: Modifications to this Rule appear in the “Canada Region,” “Europe Region,” “Latin America and the Caribbean Region,” and “United States Region” chapters.**

#### 6.1.2.1 Eligible Accounts—Maestro

The Issuer must ensure that the account to which a Maestro Card provides access, directly or indirectly, through the MasterCard ATM Network<sup>®</sup> is one of the following:

Any checking, savings, NOW, current, sight deposit, share draft accounts (and overdraft lines of credit linked to such accounts), or pooled accounts (linked to a Corporation-approved prepaid Card Program) maintained by or on behalf of a Cardholder with an Issuer.

**NOTE: A modification to this Rule appears in the “Europe Region” chapter.**

#### 6.1.2.2 Ineligible Accounts—Maestro

Any account held or serviced by a Maestro Customer Licensed to conduct only acquiring Activity is not eligible to be a Maestro Account. This provision does not prevent a Customer



from using the MasterCard ATM Network for Gateway Processing, if such use has been authorized by the Corporation and is expressly permitted in the Standards.

### **6.1.3 Cirrus Card Issuance**

Any card that permits its holder to obtain access to one or more eligible Accounts, as described in Rule 6.1.3.2, through the MasterCard ATM Network® is a Cirrus Card and must display the appropriate Brand Marks in accordance with the Standards.

The following requirements apply to the issuance of Cirrus Cards:

1. In conjunction with Cirrus Card issuance, the Issuer must provide a PIN or allow the Cardholder to select a PIN.
2. The Issuer determines the maximum cash withdrawal limits applicable to its Cardholders; however, with respect to a MasterCard credit Card bearing the Cirrus Brand Mark, the Issuer must permit the Cardholder to withdraw at least the equivalent of USD 200 daily if the available credit exists, and there is no other reason to deny the Transactions.

A Program offering Cirrus Cards must satisfy the following additional criteria:

1. The Customer issuing the Card must hold the Account accessed by the Card.
2. The Issuer must fund all of the credit card loans and own the accounts receivable for the Program, provided, however, that “securitization” of credit card receivables does not disqualify a Program.
3. The Issuer must have an unconditional right to demand the surrender of its Cards.

#### **6.1.3.1 Eligible Cards—Cirrus**

A Customer must obtain the express prior written consent of the Corporation before any card not described in the following list may be issued or otherwise participate in the MasterCard ATM Network® as a Cirrus Card:

1. A card issued in the name or trade name of a Customer to its depositors or electronic benefits transfer (“EBT”) recipients in Corporation-approved programs, provided that such cards access only:
  - a. A deposit account held by such Customer;
  - b. An overdraft credit line extended to such Customer; or
  - c. A brokerage or money market mutual fund account that is authorized by this Rule 6.1.3.1.
2. A card issued in the name or trade name of a Customer to employees of any of its corporate depositors to provide access to such corporate depositors’ accounts as authorized by such corporate depositor.
3. A MasterCard credit Card or Visa credit card bearing the name or trade name of a Customer and which provides access to credit accounts held or serviced by such Customer, including those bearing the name of a non-Customer Partner as set forth in Rule 6.6, or a private label credit card that complies with all Cirrus Card design Standards and clearly discloses the identity of the Issuer.
4. A MasterCard Electronic Card.
5. A Diners Club card issued by participating franchises.

6. A card issued in the name or trade name of a Customer, to the Customer's customers, provided that such card affords access only to loan accounts held by such Customer. Such cards must not be used for credit purchases or to provide access to so-called "pass-through," "sweep," or "zero-balance" accounts for which the funds or credit ultimately come from entities not eligible for participation in the Corporation.

The limitations contained in this Rule do not apply to a loan account or deposit account linked to a mutual fund investment, provided there is a meaningful relationship between the Customer and the Cardholder, and the Card does not bear any name, trade name or trademark of an entity that is ineligible for participation in the Corporation. For purposes of this Rule, indicators of a meaningful relationship between the Customer and the Cardholder include, without limitation, the following:

1. A written agreement regarding the account between the Customer and the Cardholder;
2. The right of the Customer unilaterally to discontinue the account relationship with the Cardholder;
3. Periodic statements for the account issued by the Customer directly to the Cardholder in the Customer's name;
4. Management of the account and Cardholder relationship by employees of the Customer; and
5. An active, Customer-driven program to market the product (for example, an investment vehicle with account access).

#### **6.1.3.2 Eligible Accounts—Cirrus**

The Issuer must ensure that the account to which a Card provides access through the MasterCard ATM Network® is one of the following:

1. Any checking, savings, NOW, current, sight deposit, share draft accounts (and overdraft credit lines linked to such accounts), credit accounts, or pooled accounts (linked to an Corporation-approved prepaid Card Program) maintained by or on behalf of a Cardholder with an Issuer;
2. An account of a securities brokerage firm that is a member of the National Association of Securities Dealers, if such firm is also a subsidiary of a bank holding company, a multiple savings and loan holding company whose activities are restricted in accordance with 12 U.S.C. § 1467a(c)(1), as amended, or a unitary savings and loan holding company operating pursuant to 12 U.S.C. § 1467a(c)(3), as amended;
3. An account of a money market mutual fund registered in the United States with the Securities and Exchange Commission as an open-ended investment company under the Investment Company Act of 1940, as amended, if the investment adviser or administrator of such fund is a subsidiary of a bank holding company, a multiple savings and loan holding company whose activities are restricted in accordance with 12 U.S.C. § 1467a(c)(1), as amended, or a unitary savings and loan holding company operating pursuant to 12 U.S.C. § 1467a(c)(3), as amended; or
4. A credit account held or serviced by a Customer.

The Corporation may require guarantees and other assurances that brokerage firms and mutual funds described in parts 2 and 3 of this Rule will meet their settlement and other

obligations to the Corporation and its Customers. Programs that involve the issuance of Cards that access accounts of a securities brokerage firm or a money market mutual fund must be approved by the Corporation in writing prior to their inauguration, if such brokerage firm is owned or such mutual fund is advised by a subsidiary of a unitary savings and loan holding company. At a minimum, an Issuer must provide each Cardholder, wherever domiciled, with Account access in the country where such Issuer is Licensed.

#### **6.1.3.3 Ineligible Cards—Cirrus**

A card is ineligible to be a Cirrus Card if:

1. The card bears the name, trade name, trade mark or other service mark of a Competing ATM Network and is used to initiate Gateway Processing, or if such card, without such identification of a Competing ATM Network, is an access device for such a Competing ATM Network.
2. In the opinion of the Corporation, and notwithstanding items 1 through 6 in the first paragraph of Rule 6.1.3.1, the card provides its holder with access to products or services that a commercial bank could not make available to the holders of its cards on an identical and competitive basis, or if the appearance of such card is likely to cause confusion regarding participation in the Corporation.
3. Except as provided in item 6 in the first paragraph of Rule 6.1.3.1, the card provides access to or the account is a so-called “pass-through,” “sweep,” or “zero-balance” account, for which the funds or credit ultimately come from an entity ineligible to be a Customer of the Corporation. The limitation set forth in the preceding sentence does not apply to a deposit account linked to a mutual fund investment if:
  - a. There is a meaningful relationship between the Customer and the Cardholder, as described in Rule 6.1.3.1; and
  - b. The Card that accesses such account does not bear any name, trade name or trademark of an entity that is ineligible for participation in the Corporation.

#### **6.1.3.4 Ineligible Accounts—Cirrus**

Any account held or serviced by a Cirrus Customer Licensed to conduct only acquiring Activity is not eligible to be a Cirrus Account. This provision does not prevent a Customer from using the MasterCard ATM Network for Gateway Processing, if such use has been authorized by the Corporation and is expressly permitted in the Standards.

#### **6.1.3.5 Transferred Cirrus Portfolios**

A Cirrus Card that is part of a Portfolio that has been transferred by a Customer to an entity that is ineligible to be a Customer of the Corporation may continue to be a Cirrus Card during its withdrawal period subject to compliance with the Standards, including but not limited to Rule 1.10.

### **6.1.4 Tokenization of Accounts**

With respect to the Tokenization of Accounts, all of the following applies:

1. The Corporation has the sole right to designate a MasterCard Token Account Range to an Issuer.

2. Each MasterCard Token must be allocated by the Corporation, unless the Corporation has expressly approved otherwise.
3. The PAN of a MasterCard Card or Access Device or any Maestro Card or Access Device for which Maestro is the primary Payment Application must not be replaced by, mapped to, or Tokenized with any PAN issued from an Issuer Identification Number (IIN) reserved by the ISO Registration Authority for a competing payment network. Refer to the current *ISO Register Of Issuer Identification Numbers* for more information.
4. The MasterCard Token cryptogram must be validated during the authorization of all Transactions involving Tokenized Accounts.

An Issuer wishing to support the Tokenization of its Accounts for use on a Mobile Payment Device must:

1. Comply with all technical specifications and other Standards applicable to Tokenization and Digitization;
2. Complete all testing and certifications as may be required by the Corporation from time to time in connection with Tokenization and Digitization;
3. Decline any request to Tokenize an Account if:
  - a. The identity of the Cardholder is unknown to the Issuer; or
  - b. The geographic location of the Cardholder if and as provided by the Token Requestor is an OFAC-sanctioned location; and
4. Establish Cardholder support policies and procedures.

**NOTE: An addition to this Rule appears in the “United States Region” chapter.**

#### **6.1.4.1 Maestro Accounts**

**NOTE: A Rule on this subject appears in the “United States Region” chapter.**

### **6.1.5 Cardholder Communications**

A Customer must comply with the Corporation’s Cardholder Communication requirements, including but not limited to those set forth in Rule 6.2.1.

Each Program Solicitation must:

1. Refer prominently to the offering exclusively as a Card and not position the offering as anything other than a Card;
2. Prominently feature the Word Marks and Brand Marks of the Card Program;
3. Clearly disclose the identity of the Card Issuer; and
4. Not position the Program name or logo as adding superior utility to the Card.

## 6.2 Issuer Responsibilities to Cardholders

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An Issuer must provide information to its Cardholders as set forth below.

**NOTE: The effective date of this Rule for an Issuer in the Canada Region or the Latin America and the Caribbean Region is 17 October 2014.**

### 1. **Card Solicitations.**

Each Issuer of Cards must disclose, clearly and conspicuously, in all Solicitations any amounts relating to the Issuer Cross-border Assessment and/or the Currency Conversion Assessment that the Issuer charges, or will charge, to the Cardholder.

### 2. **Cardholder Communications.**

Each Issuer of Cards must disclose, clearly and conspicuously, in all new and existing Cardholder Communications, including Cardholder agreements and Account agreements, any amounts relating to the Issuer Cross-border Assessment and/or the Currency Conversion Assessment that the Issuer charges, or will charge, to the Cardholder.

### 3. **Periodic Billing Statement.**

Each Issuer of Cards must provide adequate disclosure on each applicable periodic billing statement, such that the Cardholder can readily determine from the billing statement any amounts that the Issuer charges to the Cardholder relating to the Issuer Cross-border Assessment and/or the Currency Conversion Assessment during that billing cycle, either in gross or on a per Transaction basis.

### 4. **Currency Conversion Procedure.**

The Corporation further recommends and encourages Issuers to inform their Cardholders that part of the Corporation's currency conversion procedure includes use of either a government-mandated exchange rate or a wholesale exchange rate, selected by the Corporation, and that the government-mandated exchange rate or wholesale exchange rate that the Corporation uses for a particular Transaction is the rate the Corporation selects for the applicable currency on date that the Transaction is processed (the Central Site Business Date), which may differ from the rate selected on the date the Transaction occurred or on the date the Transaction is posted to the Cardholder's Account.

For information about the Currency Conversion Assessment, refer to the *GCMS Reference Manual* or *Single Message System Specifications*. For information about the Cross-border Assessment, refer to the applicable regional *MasterCard Consolidated Billing System* manual.

**NOTE: A modification to this Rule appears in the "Europe Region" chapter.**

### 6.2.1 Cardholder Communications

Each Cardholder Communication provided to a prospective Cardholder must:

- Clearly disclose the terms and conditions of the Card Program and the identity of the Customer as the Card Issuer; and

- Otherwise be clear and truthful and not reflect poorly on the Corporation or any Mark.

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## 6.3 Limitation of Liability of Cardholders for Unauthorized Use

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**NOTE: A Rule on this subject appears in the “Asia/Pacific Region,” “Canada Region,” “Europe Region,” “Middle East/Africa Region,” and “United States Region” chapters.**

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## 6.4 Selective Authorization

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Without the express prior written approval of the Corporation, a Customer must not launch or maintain a Card Program that has the effect of selectively authorizing Transactions arising from use of the Cards and Accounts at only a subset of MasterCard or Maestro acceptance locations.

A Customer may authorize or decline individual Transactions based on:

1. The amount of funds or credit available;
2. Fraud or credit risks presented by individual Cardholder usage patterns;
3. Cash access restrictions to manage a secured or high risk account;
4. Cardholder-designated restrictions on use; or
5. Any other restriction on use the Corporation may permit.

Notwithstanding the foregoing, a Customer is permitted to issue a Contactless Payment Device that provides access to a MasterCard or Maestro Account without also issuing an accompanying Card in connection with or which links to the same Account. Any Contactless Payment Device issued without an accompanying Card must support Transactions of any amount, and the Issuer must provide clear instructions to the Cardholder as to the limitations of its use.

**NOTE: Modifications to this Rule appear in the “Canada Region,” “Europe Region,” and “Latin America and the Caribbean Region” chapters.**

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## 6.5 Affinity and Co-Brand Card Programs

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A MasterCard, Maestro, or Cirrus Card Program may be issued as an Affinity Card Program or Co-Brand Card Program.

As set forth in the Card design Standards, an Issuer may use the area on a Card front reserved for the identification of the Issuer to instead or additionally identify a person or entity other than the Issuer. Such person or entity is referred to herein as a “Partner.” There are two types of Partners: an “Affinity Group,” which is an educational or other not-for-profit entity that promotes an institution or activities, and a “Co-brand Partner,” which is a for-profit company organized to engage in commercial activity.

**NOTE: Modifications to this Rule appear in the “Europe Region” chapter.**

### **6.5.1 Ownership and Control of the Program**

An Affinity Card Program or Co-brand Card Program must be entirely owned and Controlled by the Issuer at all times, and a Partner must not own or Control any part of the Program or the Program receivables. However, the assignment of receivables or sale of a participation in receivables to the Partner, or some other financing vehicle involving the Partner, is permitted provided the Program is owned and Controlled by the Customer.

The Corporation exclusively determines if an Issuer is in compliance with the foregoing requirements. In making such a determination, the Corporation may consider such factors as:

1. Whether the Customer establishes the Program policies and guidelines, such as Cardholder credit and eligibility decisions;
2. The Customer’s role in setting fees and rates;
3. What the Customer has at risk;
4. Whether the Customer actively ensures that the Program policies and guidelines are implemented;
5. The ownership and Control of the Program receivables;
6. Whether all or a substantial portion of the receivables are financed with the Partner; and
7. The extent to which the Customer, and not the Partner, is portrayed as the owner of the Program.

### **6.5.2 Use of the Acceptance Marks**

An Acceptance Mark displayed at the POI must appear apart from any Partner identification and must at least have parity in size and prominence with any Program logo, Program name, or the like, and with any competing mark also displayed. The Corporation has the right to require the modification or removal of any POI display of a Program name or logo that the Corporation determines does not comply with this Rule or reflects negatively on any Mark.

## **6.6 Brand Value Transactions and Proprietary Accounts**

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A Brand Value Transaction (“BVT”) means a Customer or third party transaction that originates by the use of a MasterCard Card to access a proprietary account, proprietary application, or both.

A BVT is a transaction that may:

1. Access a proprietary account through use of an Affinity Card Program or Co-brand Card Program MasterCard Card at the Partner’s own Merchant locations or at other Merchants that participate in the Partner’s services;
2. Access proprietary stored value residing on a MasterCard Card’s magnetic stripe or chip; or
3. Use a non-payment application residing on a MasterCard Card, such as a loyalty application, an electronic coupon, medical information, or paperless ticketing. The

technology employed by the non-payment application must not facilitate or otherwise enable the use of a competitive payment product for the non-payment benefit or service.

### **6.6.1 Proprietary Account Access**

A proprietary account number may have one or more of the following characteristics:

1. The proprietary account number is different from the primary account number (PAN) associated with the MasterCard Account. The proprietary account number may appear on the Card face, be encoded on the Card, or be cross-referenced in the Customer or a Partner's system.
2. The proprietary account number is used in a system or network for authorization and settlement that is distinct from the Interchange System and is not used in the Interchange System.
3. Any billing related to use of the proprietary account number is distinct from any billing for the MasterCard Account, whether as part of a common statement or in a separate statement.

A Program Card must provide the Cardholder access to the same proprietary account that the Partner previously established for the Cardholder, for payment of the same particularly defined set of transactions that were previously payable by other means.

### **6.6.2 Use of BVT and Proprietary Accounts on a MasterCard Card**

A BVT, as defined by the Corporation, may be present on a MasterCard Card for the following functionalities:

1. Enable access to a proprietary ATM network
2. Prepaid phone and long distance calling purses
3. Proprietary meal plan purses
4. Proprietary transit system payments
5. Accessing proprietary stored value, in accordance with Standards applicable to permitted forms of Electronic Money
6. Previously approved Programs so long as properties and purpose of program does not change. The Corporation reserves the right to impose changes or revoke these approvals at any time.
7. Otherwise expressly approved in writing by the Corporation

A Proprietary Account, as exclusively defined by the Corporation, may be present on a MasterCard Card for the following functionalities:

1. Campus cards
2. Door access devices
3. Loyalty applications
4. Cardholder reference numbers
5. Electronic coupons
6. Medical information
7. Paperless ticketing



8. Previously approved Programs so long as properties and purpose of program does not change. The Corporation reserves the right to impose changes or revoke these approvals at any time.
9. Any functionality otherwise expressly approved in writing by the Corporation

The Corporation exclusively determines if a BVT or proprietary account number may be used on a MasterCard Card.

### **6.6.3 Fees and Reporting Requirements**

From time to time, the Corporation may establish, implement, and collect fees, assessments, or both arising from or related to BVTs, proprietary accounts, or both.

If a BVT involves an Affinity Card Program or a Co-brand Card Program, the Customer must separately report to the Corporation the number of Cards outstanding, the proprietary account sales volume on such Cards, and any other requested information in the form and at such times as the Corporation requires.

## **6.7 Remote Transaction MasterCard Accounts**

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A Remote Transaction MasterCard Account means a MasterCard Account that must only be used to engage in Remote Transactions. Subject to the requirements set forth below, a Customer is not required to issue a physical Card in connection with or which links to a Remote Transaction account. A Program using Remote Transaction accounts is subject to the Standards, and has all rights provided to Cards under the Standards except those Standards that relate to the physical characteristics or use of a Card.

### **6.7.1 Remote Transaction Account Requirements**

An Issuer of a Remote Transaction MasterCard Account must comply with all of the following requirements:

1. A Remote Transaction MasterCard Account must be assigned a 16-digit primary account number (PAN), in conformance with the Standards applicable to MasterCard Cards, and must be assigned a Card Validation Code 2 (CVC 2) value and an expiration or "valid through" date. A reference device may be used to communicate this information, but must not resemble a physical Card. This device or mobile representation must be submitted for review by the Corporation to [brand\\_standards@mastercard.com](mailto:brand_standards@mastercard.com).
2. A Remote Transaction MasterCard Account must be enhanced with Address Verification Service (AVS) if the account is issued for use in an area where AVS is available.
3. Partial approval authorization service must be supported for all prepaid and Debit MasterCard (including prepaid) Remote Transaction MasterCard Account ranges.

Before activating a Remote Transaction MasterCard Account, the Issuer must communicate in writing to the Cardholder the PAN and the expiration or "valid through" date of the Account, the identity of the Issuer, and instructions as to the manner in which the Remote Transaction MasterCard Account may be used.

## 6.8 Secured Card Programs

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A secured MasterCard Card means a MasterCard Card for which a line of credit is secured by an amount held on deposit.

### 6.8.1 Refund of Fees

If a Customer promises, directly or indirectly, to refund any fee paid by an applicant for a secured MasterCard Card if the Card is not so issued, the Customer must ensure that such refund is made promptly and in any event within 30 days following the submission of the application and without any further action by the applicant.

### 6.8.2 Solicitation and Disclosure Requirements

The following Solicitation and disclosure requirements apply to a secured MasterCard Card Program:

1. A Customer that conducts a secured MasterCard Card Program without the use of a Service Provider may use a Program name to identify such a Program, in addition to or in lieu of the Customer's name, subject to the prior written approval of the Corporation.
2. A Solicitation must not reference consumers who have filed, or are contemplating filing, for bankruptcy relief. Any reference within a Solicitation to a consumer's credit problem may be included only in the general disclosure to the consumer.
3. Each Solicitation for a secured MasterCard Card must clearly and conspicuously disclose that the Card is a secured MasterCard Card and that the consumer must establish a deposit account. The Solicitation also must specify that the credit line will be equal to either the amount of the security deposit, or a specified percentage of the security deposit.
4. No Solicitation may refer to a specific credit line limit unless the Issuer
  - a. Regularly issues secured MasterCard Cards with such a credit limit, or
  - b. Has in effect a policy that (i) permits the regular issuance of secured MasterCard Cards with such a credit limit, and (ii) is compatible with the Issuer's policy governing its issuance of secured MasterCard Cards with lower credit limits.
5. Each Solicitation for a secured MasterCard Card must clearly and conspicuously disclose what an applicant will receive by responding to the Solicitation. If the applicant is not issued a secured MasterCard Card after responding to a Solicitation, this fact must be clearly and conspicuously disclosed in the Solicitation.
6. Each Solicitation for a secured MasterCard Card must clearly and conspicuously disclose any and all application or other fees the applicant must pay, or could be required to pay, to be issued a secured MasterCard Card. All such fees must be made payable to the Issuer and not to any other person or entity.

## 6.9 Youth Card Programs

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Solely for the purposes of Rule 6.10 and 6.10.1, the following terms have the following meanings:

1. "Minor" or "Youth" means a person under the age of majority as determined in accordance with laws and/or regulations applicable to the place where the Primary Cardholder then resides or any person under the age of fifteen in the place where the Primary Cardholder then resides where age of majority is not expressly defined under local law.
2. "Primary Cardholder" means the Cardholder authorized to use the Card and to be financially responsible for the Card.
3. "Youth Card" means a Card issued to a Minor as a Primary Cardholder. For clarity, a Card issued to a Minor at the request of the Primary Cardholder and bearing the same Primary Account Number as the Card issued to the Primary Cardholder is not a Youth Card if the Primary Cardholder is responsible for use of the Card.

A copy of the law or regulation permitting the issuance of any Prepaid Card Program Youth Card, or an opinion of legal counsel that issuance of a Youth Card is not prohibited by law or regulation, must be provided with the Prepaid Program Registration. If the law or regulation is not in English, then an English translation must also be provided.

An Issuer of a Youth Card may restrict use of the Card by card acceptor business code (MCC), including cash access restrictions. Refer to the *Prepaid Product Constructs* and *Selective Authorization Communications Policy* available on MasterCard Connect™ for additional information and requirements.

### 6.9.1 Solicitation and Disclosure Requirements

Prior to use, an Issuer must submit all Youth Card Program communications and marketing materials for any Prepaid Card Program including, but not limited to, printed materials and copies or electronic versions of websites and mobile applications, advertisements, card carriers, press releases, websites, welcome letters, marketing plans such as product announcements and program advertisements, consumer applications, and terms and conditions, if any, to the Corporation via email at [brand\\_standards@mastercard.com](mailto:brand_standards@mastercard.com) for review and may not use any such materials without the express approval of the Corporation.

## 6.10 Prepaid Card Programs

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A MasterCard, Maestro, or Cirrus Card Program may be issued as a Prepaid Card Program.

A Prepaid Card Program means:

1. An Account that accesses value maintained by an Issuer or a third party designated by the Issuer on behalf of the owner of the funds in the Account, the value of which shall be fully available to the owner of the funds in the Account at all times; or
2. Any other permitted form of Electronic Money.

Typically, and by regulatory requirement in some markets, the funds are maintained in an omnibus, segregated trust, or pooled account.

### **6.10.1 Prior Consent of the Corporation**

A Customer must not conduct a Prepaid Card Program without the express prior consent of the Corporation.

Each Customer request to conduct a Prepaid Card Program must be submitted to, and approved by, the Corporation via the Prepaid Program Registration process available on MasterCard Connect™.

### **6.10.2 Reservation of Rights**

The Corporation reserves the right:

1. To approve or reject any Prepaid Card Program application; and
2. To require that any previously approved Prepaid Card Program be modified; and
3. To withdraw its approval of any Prepaid Card Program and require the Prepaid Card Program to be terminated. A Customer may request that the Chief Franchise Integrity Officer of the Corporation review the rejection or withdrawal of the approval of a Prepaid Card Program. Such a request must be submitted in writing and signed by the Customer's principal contact. The request must be postmarked no later than 30 days after the date of receipt of the notice of rejection or withdrawal of approval. Any decision by the Chief Franchise Integrity Officer with respect to such rejection or withdrawal of approval is final and not subject to further review or other action.

### **6.10.3 Responsibility for the Prepaid Card Program**

An Issuer is responsible for its Prepaid Card Programs, the Prepaid Card Program funds associated with those Prepaid Card Programs, and for the actions (or inaction) of any agents it uses in connection with such Prepaid Card Programs. The Corporation exclusively determines if an Issuer is in compliance with the foregoing requirements.

### **6.10.4 Categories of Prepaid Card Program**

The Corporation categorizes Prepaid Card Programs into three categories: consumer, commercial, and government. The Corporation may adopt additional and/or review the current categories of Prepaid Card Programs from time to time in its sole discretion.

#### **Consumer Prepaid Card Programs**

Consumer Prepaid Card Programs are Prepaid Card Programs in which the funds may be deposited in the prepaid Account by the consumer, a commercial entity and/or a government entity. In the case of Consumer Prepaid Card Programs, the funds deposited in the prepaid Account are owned by the consumer.

#### **Commercial Prepaid Card Programs**

Commercial Prepaid Card Programs are Prepaid Card Programs in which the funds are deposited in the prepaid Account by a commercial entity. In the case of Commercial Prepaid Card Programs, the funds deposited in the prepaid Account may be owned by the commercial

entity or by the consumer or other third party designated by the commercial entity or such consumer. If the commercial entity permits a consumer to deposit funds in the prepaid Account owned by the commercial entity, the Commercial Prepaid Card Program becomes a Consumer Prepaid Card Program and all relevant Consumer Prepaid Card Program requirements apply.

#### **Government Prepaid Card Programs**

Government Prepaid Card Programs are Prepaid Card Programs in which the funds are deposited in the prepaid Account by a government entity. Government Prepaid Card Programs are designed to deliver government payments to a person, including, but not limited to, segmented non-taxable wages, social benefits, pensions and emergency assistance, as governed by applicable law.

In the case of Government Prepaid Card Programs, the funds deposited in the prepaid Account may be owned by the government entity or by the consumer or other third party designated by the government entity or such consumer. If the government entity permits a consumer to deposit funds in the prepaid Account owned by the government entity, the Government Prepaid Card Program becomes a Consumer Prepaid Card Program and all relevant Consumer Prepaid Card Program requirements apply.

#### **6.10.5 Return of Unspent Value**

The Issuer must return any unspent funds in the prepaid Account to the owner of that Account in compliance with applicable law or regulation. In instances where applicable law or regulation does not provide time frames concerning the return of unspent funds, the Issuer must comply with the requirements set forth in this Rule. Subject to applicable law or regulation, an Issuer has no obligation to return unspent funds in the prepaid Account if the identity of the owner of the unspent funds has not been provided to the Issuer.

#### **Consumer Prepaid Card Programs**

An Issuer of Consumer Prepaid Card Programs must provide the consumer with a minimum of 12 months from the date of the last value load or 30 days after the expiration date, whichever comes later, to request the return of unspent funds, less any applicable fees imposed by the Issuer or any other lawful offsets. Prominent disclosure must be made to the consumer as to how and when to request the refund of unspent funds and as to any fees that apply to the Prepaid Card Program.

Once the consumer submits a refund request, the consumer must receive a refund of unspent funds within 30 days of the date on which the refund request was received by the Issuer.

#### **Commercial Prepaid Card Programs**

The Issuer of a Commercial Prepaid Card Program must provide the commercial entity or individual or other third party designated by the commercial entity or consumer with a minimum of 30 days, or as otherwise approved by the Corporation, to spend the funds in the prepaid Account, after which time the funds may revert to the commercial entity or, as otherwise agreed between the commercial entity and the Issuer or its agents (if any), to the Issuer or its agents.

### **Government Prepaid Card Programs**

If the owner of the funds in the prepaid Account is a government entity, then the Issuer of the Government Prepaid Card Program must provide the government entity with a minimum of 30 days, or as otherwise approved by the Corporation, to spend the funds in the prepaid Account, after which time the funds may revert to the government entity or, as otherwise agreed between the government entity and the Issuer or its agents (if any), to the Issuer or its agents.

If the owner of the funds in the prepaid Account is a consumer, then the Issuer of the Government Prepaid Card Program must provide the consumer with a minimum of 12 months from the date of the last value load or 30 days after the expiration date, whichever comes later, to request the return of unspent funds, less any applicable fees imposed by the Issuer or any other lawful offsets. Prominent disclosure must be made to the consumer as to how and when to request the refund of unspent funds and as to any fees that apply to the Prepaid Card Program.

Once the consumer submits a refund request, the consumer must receive a refund of unspent funds within 30 days of the date on which the refund request was received by the Issuer.

#### **6.10.6 Value Loading**

Subject to the restrictions set forth below, the maximum load value and load parameters associated with a prepaid Account are established by the Issuer of the Prepaid Card Program and are subject to review and approval by the Corporation.

For Consumer or Commercial Prepaid Card Programs, the Corporation permits a maximum load value of USD 5000/EUR 4000/ GBP 3500. All other currency types are subject to local currency equivalent to USD 5000 per day. If an Issuer needs to increase the above-referenced maximum daily amount or otherwise structure the loading of funds into the prepaid Account, the Corporation will evaluate the proposed Prepaid Card Program on a case-by-case basis. However, funds deposited into the prepaid Account via Automatic Clearing House ("ACH"), Bankers' Automated Clearing Services ("BACS"), Clearing House Automated Payment System ("CHAPS"), or any other electronically transferred payroll payments may exceed the above-referenced maximum daily amount.

The Corporation reserves the right to reduce the maximum amount described above in certain circumstances and/or in connection with certain Prepaid Card Programs.

#### **6.10.7 Communication and Marketing Materials**

If an Issuer's prepaid Cards are intended to be used by Cardholders for personal, family or household use, then the Issuer must provide Cardholders with the terms and conditions of the Prepaid Card Program on or before any purchase is made or activation fees are incurred. If the Issuer's prepaid Cards are intended to be used by Cardholder for business use, then the Issuer must provide the commercial entity or government entity with the terms and conditions of the Prepaid Card Program on or before any purchase is made or activation fees are incurred.

Thereafter, the Issuer must provide the respective Cardholder, commercial entity or government entity with any amendment or modifications thereto and, in particular, make clear and conspicuous disclosures with respect to all fees to be incurred by the prepaid

Account holder to obtain, use, reload, maintain and/or cash out the balance in the prepaid Account or for any other use, as required by the Standards and applicable law.

Press releases must be submitted for review and approval to the Corporation via e-mail at [brand\\_standards@mastercard.com](mailto:brand_standards@mastercard.com) prior to the launch or subsequent modification of any Prepaid Card Program and prior to any marketing of the Prepaid Card Program.

Upon request, an Issuer must submit all communications and marketing materials including, but not limited to, printed materials and copies or electronic versions of websites and mobile applications, card carriers, press releases, websites, welcome letters, consumer applications, and terms and conditions if any, for all Prepaid Card Programs to the Corporation via email at [brand\\_standards@mastercard.com](mailto:brand_standards@mastercard.com) for review and approval prior to the launch or subsequent modification of the Prepaid Card Program and prior to any marketing of the Prepaid Card Program. The Corporation review is limited to compliance with the Standards for Issuer communications. Each Issuer is responsible for ensuring that its Prepaid Card Program communication and marketing materials comply with applicable law and the Standards.

An Issuer of prepaid Cards intended to be used by Cardholders for personal, family or household use must inform Cardholders that, in the event that the available amount in the prepaid Account is less than the purchase amount, some Merchants may not allow the Cardholder to combine multiple payment types (such as cash, check or another payment card) to complete the Transaction. Issuers of prepaid Cards intended to be used by Cardholders for business use must inform the commercial entity or government entity of the foregoing.

An Issuer of prepaid Cards intended to be used by Cardholders for personal, family or household use must inform Cardholders if their prepaid Cards are linked to a selective authorization Program. Issuers of prepaid Cards intended to be used by Cardholders for business use must inform the commercial entity or government entity of the foregoing. Refer to the *Prepaid Product Constructs* and *Selective Authorization Communications Policy* available on MasterCard Connect™ for additional information.

### **6.10.8 Anonymous Prepaid Card Programs**

Prepaid Card Programs for which the Issuer does not collect, store or otherwise validate the consumer's identity are subject to the *Guidelines for Anonymous Prepaid Card Programs*, available on MasterCard Connect™.

### **6.10.9 BINs**

An Issuer must use a dedicated BINs/IINs and associated prepaid product codes in conjunction with its Prepaid Card Programs. In the event of dispute or uncertainty, the Corporation determines, in its sole discretion, BINs/IINs and associated prepaid product codes in conjunction with an Issuer's Prepaid Card Programs.

### **6.10.10 Simplified Due Diligence Guidelines**

**NOTE: A Rule on this subject appears in the "Europe Region" chapter.**

## 6.11 Maestro Chip-only Card Programs—Europe Region Only

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**NOTE:** A Rule on this subject appears in the “Europe Region” chapter.



## Chapter 7 Service Providers

*This chapter contains Rules that apply to Customers that use Service Providers for the performance of Program Service.*

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## 7.1 Service Provider Categories

There are seven categories of Service Providers: Independent Sales Organization (“ISO”); Third Party Processor (“TPP”); Data Storage Entity (“DSE”); Payment Facilitator (“PF”); Digital Wallet Operator (“DWO”); Digital Activity Service Provider (“DASP”); and Service Provider Registration Facilitator (“SPRF”).

A Service Provider is categorized by the Corporation based upon the Corporation’s understanding of the nature of the Program Services to be performed, as described below. A Service Provider may only perform the Program Services it is registered to perform.

<b>An entity is categorized as a...</b>	<b>If the entity performs any services identified as...</b>
Independent Sales Organization (ISO)	ISO Program Service
Third Party Processor (TPP)	TPP Program Service
Data Storage Entity (DSE)	DSE Program Service
Payment Facilitator (PF)	PF Program Service
Digital Wallet Operator (DWO)	DWO Program Service
Digital Activity Service Provider (DASP)	DASP Program Service
Service Provider Registration Facilitator (SPRF)	SPRF Program Service

The following are descriptions of types of Program Service. Any entity proposed by a Customer to perform both TPP Program Service and DSE Program Service is categorized by the Corporation as a TPP.

### ISO Program Service

- Cardholder and/or Merchant Solicitation, including application processing
- Cardholder and/or Merchant customer service not affording access to Account data, Transaction data, or both, including the collection of any fee or other obligation associated with the Customer’s Program
- Cardholder and/or Merchant statement preparation not affording access to Account or Transaction data
- Merchant education and training
- Terminal deployment, not including ATM Terminal deployment by an ATM Terminal owner that does not perform any other type of ISO Program Service
- Any other service determined by the Corporation in its sole discretion to be ISO Program Service

### **TPP Program Service**

- Terminal operation with electronic data capture deployment
- Authorization services, including but not limited to authorization routing, payment gateway and switching services, voice authorization, and call referral processing
- Clearing file preparation and submission
- Settlement processing (excluding possession, ownership, or control of settlement funds, which is not permitted)
- Cardholder and/or Merchant statement preparation affording access to Account data, Transaction data, or both
- Cardholder customer service affording access to Account data, Transaction data, or both
- Fraud control and risk monitoring, including but not limited to fraud screening and fraud scoring services
- Chargeback processing
- Any other service determined by the Corporation in its sole discretion to be TPP Program Service

### **DSE Program Service**

Any service affording access to Account or Transaction data and not identified by the Corporation as TPP Program Service, including but not limited to:

- Merchant website hosting or other service involving the computer-based storage of Account or Transaction data
- External hosting of payment applications, such as website shopping carts
- Terminal servicing
- Encryption key loading

### **PF Program Service**

- Submit to the Acquirer records of valid Transactions submitted to the Payment Facilitator by a Submerchant
- Educate and train Submerchants to ensure compliance with the Standards
- Maintain names, addresses, and URLs if applicable of Submerchants
- Timely pay Submerchants for Transactions
- Supply Submerchants with all materials necessary to effect Transactions
- Monitor the Activity and use of the Marks of each Submerchant for purposes of deterring fraudulent and other wrongful activity

### **DWO Program Service**

- Operates and offers to consumers a Pass-through Digital Wallet
- Operates and offers to consumers a Staged Digital Wallet

### **Digital Activity Service Provider**

- Credentials Management System
- Any other service specified by the Corporation in its discretion from time to time to be DASP Program Service.

### **SPRF Program Service**

- Identification of entities the Standards obligate a Customer to register as a Service Provider
- Assisting a Customer to register Service Providers other than SPRFs

#### **7.1.1 Independent Sales Organization**

Effective 17 April 2015, an Acquirer that uses an Independent Sales Organization (ISO) must populate the ISO field with an ISO identification number (ID) in all Transaction messages arising from a Merchant, Submerchant, or ATM owner receiving or otherwise benefiting from the Program Service performed by that ISO. The ISO ID must match the Company ID provided during ISO registration, and which may be found in the Business Administration tool via MasterCard Connect.

The ISO identifier must appear in the following fields:

- DE 48 (Additional Data—Private Use), subelement 37 (Additional Merchant Data), subfield 2 (Independent Sales Organization ID) of Authorization Request/0100 and Financial Transaction Request/0200 messages; and
- PDS 0209 (Independent Sales Organization ID) of First Presentment/1240 messages.

#### **7.1.2 Third Party Processor**

All TPPs must comply with applicable Standards, including these Service Provider Rules, in order to remain in good standing as a TPP.

TPPs are subcategorized as follows.

##### **7.1.2.1 Type I**

The Corporation determines, in its sole discretion, if a TPP is a Type I TPP. Type I TPPs generally are those that perform Program Service for a large number of Customers or that otherwise could significantly impact the integrity of the Interchange System.

**NOTE: Modifications to this Rule appear in the “United States Region” chapter.**

##### **7.1.2.2 Type II**

A Type II TPP is any TPP that the Corporation does not deem to be a Type I TPP. The Corporation at any time may reclassify a Type II TPP as a Type I TPP.

##### **7.1.2.3 Type III**

**NOTE: A Rule on this subject appears in the “United States Region” chapter.**

#### **7.1.3 Payment Facilitator**

A Payment Facilitator (PF) is a Service Provider that performs any one or more of the services described in Rule 7.1, “Service Provider Categories,” as Payment Facilitator Program Service. A Customer, either directly or through a Payment Facilitator, is responsible for ensuring that each Submerchant complies on an ongoing basis with all Standards applicable to Merchants.

Refer to Rule 7.6.5, "Payment Facilitators and Submerchants," Rule 7.6.6, "High-Risk Payment Facilitators," and Rule 7.8, "Payment Facilitator Obligations" for more information about Payment Facilitators.

#### **7.1.4 Digital Wallet Operator**

A Digital Wallet Operator (DWO) is a Service Provider that performs any one or more of the services described in Rule 7.1, "Service Provider Categories," as DWO Program Service. A Merchant that stores MasterCard and/or Maestro Account data solely on its own behalf to effect Transactions initiated by the consumer is not deemed to be a DWO.

##### **7.1.4.1 Staged Digital Wallet Methods**

A Staged Digital Wallet may operate by means of one or more of the following methods:

Herein, "consumer-assigned payment account" means an account accessed by means of MasterCard Account, Maestro Account, or other account data assigned to the consumer by the DWO or by an issuer, acting for or on behalf of the DWO; "Staged DWO payment account" means a proprietary account assigned to a person by the DWO; and "funding account" means an account accessed by means of MasterCard Account, Maestro Account, or other account data provided to the Staged DWO by the consumer.

1. Prior to making a purchase, the consumer initiates a payment to his or her Staged DWO payment account. The Staged DWO sends an authorization request to the Issuer of the consumer's funding account. Subsequent to the Issuer's approval and the Acquirer's presentment of such Transaction, the consumer initiates a purchase of products or services from a retailer. The Staged DWO then effects payment to the retailer's Staged DWO payment account.
2. At the time of the consumer's purchase of products or services from a retailer:
  - a. The retailer initiates an authorization request to the issuer of the consumer-assigned payment account. The Staged DWO then initiates a separate authorization request to the issuer of the consumer's funding account. Upon receiving an approval response from the funding account issuer, the Staged DWO notifies the consumer-assigned payment account issuer, who approves the retailer's authorization request. The retailer receives payment from its acquirer.
  - b. The DWO initiates an authorization request to the issuer of the consumer's funding account. Upon receiving the Issuer's approval, the Staged DWO notifies the retailer, and the products or services are provided. The Staged DWO then effects payment to the retailer's Staged DWO payment account.
  - c. After the completion of the consumer's purchase of products or services from a retailer, the Staged DWO initiates an authorization request to the Issuer of the consumer's funding account for repayment of the consumer's debt to the retailer. Upon approval and presentment of the Transaction, the Staged DWO effects payment to the retailer's Staged DWO payment account.

A MasterCard or Maestro Account, when used as a funding account, may be pre-selected or selected at the time of payment by the consumer as the primary or default funding account, or may be used as a fallback funding account in the event of a decline. When used as a

consumer-assigned payment account, a MasterCard Account may be issued as a Remote Transaction Account without linkage to a physical Card.

#### 7.1.4.2 Staged Digital Wallet Operator Requirements

The Acquirer is responsible for ensuring compliance with the following requirements applicable to Staged Digital Wallet Operators:

1. The Staged DWO must transmit the three-digit Wallet Identification Number (WID) assigned to the Staged DWO by the Corporation in DE 48, subelement 26, subfield 1 of all Authorization Request/0100 messages and in PDS 0207 of all First Presentment/1240 messages.
2. If the Staged DWO has any role in the assignment of a consumer-assigned payment account, the Staged DWO must ensure that adequate “know your customer” procedures are performed, in accordance with applicable law or regulation.
3. The Staged DWO and each retailer receiving payment by means of a Staged DWO payment account must be located within the Acquirer’s Area of Use.

**NOTE: A modification to this provision appears in the “Europe Region” chapter.**

4. The Staged DWO must accept liability for any Transaction chargebacks that may arise in connection with a Cardholder’s claim that he or she did not register the affected MasterCard or Maestro Account as a funding account for the Staged Digital Wallet or did not otherwise consent to the use of the Staged DWO as a payment method.
5. The Staged DWO must perform customer service and provide contact information with which the consumer may request the assistance of the Staged DWO in the resolution of any disputes involving a commercial entity that displays the Staged DWO Mark.
6. The Staged DWO must be properly identified in each funding stage Transaction message, as follows:

<b>If the Transaction to the Funding Account is authorized...</b>	<b>Then in the Merchant name field (DE 43, subfield 1), use...</b>	<b>And for MCC, use...</b>
Before the consumer’s purchase	Staged DWO name	MCC 6540 (POI funding transaction)
During the consumer’s purchase	Staged DWO name in conjunction with retailer name (where the retailer is the seller of the products or services purchased by the consumer and may be a Merchant, Submerchant, or other commercial entity)	MCC that most closely describes the primary business of the retailer

<b>If the Transaction to the Funding Account is authorized...</b>	<b>Then in the Merchant name field (DE 43, subfield 1), use...</b>	<b>And for MCC, use...</b>
After the consumer's purchase	Staged DWO name	MCC 6051 (existing debt payment)

MCC 6540 may not be used for a funding stage Transaction if such funds may subsequently be used for any of the purposes; in such event, the funds must be segregated and used by the consumer solely for the designated purpose:

- The purchase of chips or other value usable for gambling (MCC 7801, MCC 7802, or MCC 7995 must be used);
  - The purchase of access to adult content and services (MCC 5967 must be used);
  - The purchase of any prescription drug (MCC 5122 or MCC 5912 must be used); or
  - The sale of any tobacco product (MCC 5993 must be used).
7. Upon registering or re-registering a Staged DWO as set forth in Rule 7.11, "Registration Requirements for Staged DWOs," the Acquirer must provide to the Corporation an Activity Report for the Staged DWO that includes its Transaction sales amount for the prior 12-month period.

### 7.1.5 Digital Activity Service Provider

An entity proposing to be a Digital Activity Service Provider must satisfy all certification and testing procedures established by the Corporation before such entity may be registered by a Customer as its Digital Activity Service Provider.

## 7.2 The Program and Performance of Program Service

Before an entity commences to perform Program Service that supports or benefits a Customer's Program, the Customer must:

- Verify that the entity is operating a bona fide business, has sufficient safeguards in place to protect Account and Transaction data from unauthorized disclosure or use, and complies with applicable laws; and
- Cause such an entity to be registered by the Corporation as a Service Provider.

A Service Provider may perform only the type of Program Service that is registered to perform.

A corporate affiliate of a Customer that is Owned and Controlled by the Customer or by the Customer's ultimate parent and which performs Program Service exclusively for the Customer and not for any other Customer is deemed not to be a Service Provider.

The Customer must ensure that an entity performing Program Service that supports or benefits the Customer's Program, and whether or not such entity is registered by the Corporation as a Service Provider:



1. Complies with all Standards applicable to the Program Service provided (including, by way of example and not limitation, data use and protection, confidentiality and privacy Standards) for so long as such entity performs such Program Service. This Customer obligation arises and continues regardless of the nature of the Program Service performed and whether the entity is performing Program Service pursuant to an agreement or other arrangement with the Customer, a Service Provider of the Customer, or any other entity.
2. Promptly provides to the Corporation any information requested by the Corporation pertaining to the Program Service or the performance thereof.

Program Service in support of or benefitting an Affiliate Program is deemed to be Program Service in support of or benefitting the Program of the Principal that Sponsors such Affiliate. An Affiliate wishing to receive Program Service from a Service Provider must obtain the prior written consent of the Affiliate's Sponsoring Principal.

**NOTE: Modifications to this Rule appear in the "Canada Region" chapter.**

### 7.2.1 Customer Responsibility and Control

The Customer must at all times be entirely responsible for and must manage, direct, and control all aspects of its Program and Program Service performed by Service Providers, and establish and enforce all Program management and operating policies in accordance with the Standards.

A Customer must not transfer or assign any part of such responsibilities or in any way limit its responsibility with regard to any of its Service Providers. A Customer must conduct meaningful monitoring of its Service Providers to ensure ongoing compliance by its Service Providers with the Standards.

### 7.2.2 Notification to the Corporation

Each Principal and Association must advise the Corporation promptly when any of its Service Providers or any of its Sponsored Affiliates' Service Providers ceases to perform Program Service in connection with the Customer's or Affiliate's Program or undergoes a change of name or transfer of Ownership or Control.

Each Type I TPP must advise the Corporation promptly in writing when it:

1. Commences to perform or ceases to perform any Program Service for any Customer, and on an ongoing basis, inform the Corporation of all ICA numbers pertaining to which it is performing any Program Service;
2. Undergoes a change of name or transfer of Ownership or Control;
3. Fails or refuses to make payments in the ordinary course of business;
4. Makes an assignment for the benefit of creditors; or
5. Seeks bankruptcy protection or similar protection.

A Customer may not receive Program Service by or from any other entity or person except as set forth in the Standards.

**NOTE: Modifications to this Rule appear in the "United States Region" chapter.**

### 7.2.3 Program Service Agreement

This Rule is not applicable with respect to a Service Provider whose provision of Program Service to the Customer consists only of DSE Program Service, DWO Program Service, or DASP Program Service.

Prior to the commencement of the performance of Program Service by an entity in support of a Customer Program, the Customer and the Service Provider must enter into a written agreement describing the Program Service to be performed (the "Program Service agreement"). The Program Service agreement must be updated from time to time as appropriate to reflect the Program Service that the Service Provider performs in support of or benefitting, the Customer Program and may not be inconsistent with the Standards.

The Program Service agreement must reflect the Customer's responsibility for establishing all management and operating policies described herein and must not include any provision that attempts to limit the Customer's responsibility for the Program. The Program Service agreement must include all of the following provisions:

1. The Service Provider received, understands, and agrees to comply with all applicable Standards, including the Service Provider Rules.
2. On an ongoing basis, the Service Provider is promptly to provide the Customer with the current addresses of each of its offices.
3. In the event of any inconsistency between any provision of the Program Service agreement and the Standards, the Standards will govern.
4. The Program Service agreement automatically and immediately terminates if the Corporation de-registers the Service Provider or if the Customer ceases to be a Customer or if the Customer fails to have a valid License by the Corporation to use any Mark pertaining to the Program Service to be performed by the Service Provider.
5. The Service Provider acknowledges that the Corporation is the sole owner of the Marks, agrees not to contest the ownership of the Marks for any reason, and agrees the Corporation may prohibit the Service Provider from using any of the Marks for any reason.
6. The Service Provider acknowledges that the Corporation has the right to enforce any provision of the Standards and to prohibit a Service Provider from engaging in any conduct the Corporation deems could create a risk of injury to the Corporation, or that could adversely affect the integrity of the Interchange System, and agrees not to take any action that could interfere with the exercise of this right by the Corporation.

### 7.2.4 Disclosure of Standards

Before a Customer proposes an entity to be registered as a Service Provider by the Corporation, the Customer must provide or ensure the proposed Service Provider has access to the Standards then in effect applicable to Service Providers and Program Service the proposed Service Provider is expected to perform. After registration, the Customer must provide, or ensure a Service Provider is notified of, any change to the Standards applicable to such Program Service.

### **7.2.5 Customer Point of Contact**

A Service Provider must promptly provide a name and title of, and a telephone number for an employee of the Customer upon request by a Cardholder or an ATM owner, or if the Service Provider is unable or unwilling to respond to a question to the Cardholder's or ATM owner's satisfaction.

### **7.2.6 Use of the Marks**

A Service Provider must not use any Mark on its own behalf, whether in connection with Program Service or otherwise. The Service Provider may not create an impression that the Service Provider is a Customer or a representative of the Corporation.

A Service Provider must not create an impression that the Corporation in any way endorses the Service Provider or the Program Service that the Service Provider performs.

A Service Provider may use one or more of the Marks in connection with the Program Service it performs, provided:

1. The Marks are used in accordance with the Standards, including all current reproduction, usage and artwork Standards; and
2. The Marks are used according to the express written instructions of the Customer; and
3. The Marks are used solely in connection with the provision of Program Service.

The Service Provider may use the Marks on its stationery, letterhead, or business cards only if accompanied, in close proximity, by a clear statement that identifies the Service Provider as an agent for a Customer and that includes the name by which the Customer identifies itself to the public (for example, "Service Provider is an authorized representative of Bank XYZ").

### **7.2.7 Service Provider Identification on a Card**

The name of a non-Customer Service Provider may appear on a Card only if that Service Provider does not perform acquiring Program Service in connection with any Customer Program.

### **7.2.8 Program Materials**

A Customer must approve all Program documents before distribution by a Service Provider. The Program materials may not imply that the Service Provider is participating in any activity not permitted by the Standards. Program materials include, by way of example, Card applications, ATM Owner Agreements, Cardholder agreements, Cardholder statements, marketing materials, and Cardholder Communications, including Solicitations.

### **7.2.9 Fees**

The Service Provider may not attempt to collect any fee associated with the Customer's Program without the prior written approval of the Customer. Any fee must be clearly disclosed in writing to the Merchant or Card applicant prior to any request for payment of the fee.

### **7.2.10 Settlement Failure Obligation**

A Service Provider that becomes aware of a settlement failure by the Customers for which the Service Provider performs Program Service must promptly, and in no event later than 24 hours after becoming aware of such failure, notify the Corporation in writing of such failure.

### **7.2.11 Data Security**

A Service Provider must comply with all Standards pertaining to the storage, safeguarding, and/or transmission of Account and Transaction data.

If a Service Provider reasonably believes that an unauthorized person accessed or may have accessed Account, Cardholder, or Transaction data in the possession or control of the Service Provider or any other third party, the Service Provider must promptly notify each Customer for which it provides Program Service in writing of such belief and the Customer must promptly notify the Corporation in writing of such belief.

## **7.3 Access to Merchant Account**

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A Service Provider must not have access to any account for funds due to a Merchant or withheld from a Merchant for chargebacks. A Customer must not assign or transfer to a Service Provider an obligation to pay or reimburse a Merchant if the obligation arises from Activity.

## **7.4 Transfer of Rights Prohibited**

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A Service Provider must not subcontract, sublicense, assign, license, franchise, or in any other manner extend or transfer to any third party any right or obligation the Service Provider may have in connection with providing Program Service for a Customer, and any such transfer is null and void *ab initio*.

A Service Provider may perform Program Service for a Customer only using the Service Provider's own employees or employees of a different Service Provider that is confirmed also to be registered by the Corporation to perform Program Service for that same Customer.

## **7.5 Use of Corporation's Systems and Confidential Information**

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For purposes of this Rule, "the Corporation's Systems" means any of the Corporation's equipment and software and "the Corporation's Confidential Information" means any of the

Corporation's information identified or reasonably understood to be confidential or proprietary.

A Service Provider performing Program Service and each Service Provider Registration Facilitator must agree to:

1. Use any of the Corporation's Systems, including but not limited to any MasterCard Interface Processor (MIP) or Network Interface Processor (NIU) used to connect to the Interchange System, and any of the Corporation's Confidential Information solely in order to perform Program Service on behalf of the Customer;
2. Treat the Corporation's Systems and Confidential Information in at least as careful and confidential a manner as the Service Provider treats its own and the Customer's systems and proprietary information;
3. Acknowledge that access to the Corporation's Systems and Confidential Information does not provide the Service Provider with any right to use them further;
4. Limit access to the Corporation's Systems and Confidential Information to those Service Provider employees with a need to have access in order to enable the Service Provider to perform Program Service and to implement and to maintain reasonable and appropriate safeguards to prevent unauthorized access to the Corporation's Systems or disclosure of the Corporation's Confidential Information, including those set forth in section 10.4, "Connecting to MasterCard—Physical and Logical Security Requirements," of the *Security Rules and Procedures* manual;
5. Immediately cease any use of the Corporation's Systems and Confidential Information upon request of the Corporation or the Customer or upon the earlier of the termination or completion of the Service Provider's performance of Program Service, and to immediately deliver all of the Corporation's Systems and Confidential Information to the Corporation; and
6. Immediately advise the Customer and the Corporation if any unauthorized person seeks to gain or gains access to the Corporation's Systems or Confidential Information, whether by legal proceedings or otherwise.

A Service Provider must comply with all Standards and applicable laws and regulations pertaining to the safeguarding of Account, Cardholder, and Transaction data.

The obligations set forth in this Rule survive the termination or expiration of the Program Service agreement.

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## 7.6 Acquiring Programs

Each Customer and each Service Provider that performs Program Service with respect to that Customer's acquiring Programs must comply with all of the following.

### 7.6.1 Merchant Agreement

The Merchant Agreement establishing the terms of an acquiring relationship between the Acquirer and a Merchant must:

1. Be signed by the Customer with no separate or other agreement between the Service Provider and the Merchant regarding Activity. The Service Provider may be a party to the Merchant Agreement, in which case the Merchant Agreement must contain the substance of all of the following:
  - a. For purposes of the Merchant Agreement and performance of the Merchant Agreement by the Service Provider, (i) the Service Provider is the exclusive agent of the Customer; (ii) the Customer is entirely responsible for, and in control of, Service Provider performance; and (iii) the Customer must approve, in advance, any fee payable to or obligation of the Merchant arising from or related to performance of the Merchant Agreement.
  - b. The Merchant Agreement is not effective and may not be modified in any respect without the express written agreement of the Customer.
  - c. The Service Provider may not have access, directly or indirectly, to any account for funds or funds due to a Merchant and/or funds withheld from a Merchant for chargebacks arising from, or related to, performance of this Merchant Agreement. The Customer may not assign or otherwise transfer an obligation to pay or reimburse a Merchant arising from, or related to, performance of the Merchant Agreement to a Service Provider.
  - d. The Service Provider may not subcontract, sublicense, assign, license, franchise, or in any manner extend or transfer to any third party, any right or obligation of the Service Provider set forth in the Merchant Agreement. The Customer may not waive, forgive, release, assign, or fail to insist on strict performance of each requirement set forth in these parts 1 through 4.
2. Confirm the Customer's responsibility for the Program and for the Merchant's Program participation and confirm that the Merchant Agreement does not contain any provision that could be deemed to limit such responsibility.
3. Not take effect or state or imply that it takes or has taken effect prior to being signed by the Customer.
4. Disclose the Customer's name and sufficient information to enable the Merchant to contact the Customer directly by telephone or in writing.

### **7.6.2 Collection of Funds from a Merchant**

Discount rates (or similar charges called by other terms) due to a Customer from a Merchant must be collected directly by the Customer and not by the Service Provider.

### **7.6.3 Access to Documentation**

The Customer at all times must maintain prompt and unrestricted physical access to all original, executed Merchant Agreements and ATM Owner Agreements and to completed

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Merchant and ATM site inspection reports. The Customer must forward true and complete copies of any one or more of these documents to the Corporation promptly upon request.

#### **7.6.4 Authority to Terminate Merchant Agreement or ATM Owner Agreement**

A Customer may not limit or in any manner condition its authority to terminate any Merchant Agreement or ATM Owner Agreement to accommodate a Service Provider or otherwise.

#### **7.6.5 Payment Facilitators and Submerchants**

The Acquirer is responsible for all acts and omissions of a Payment Facilitator and of any Submerchant.

A Payment Facilitator may not be a Submerchant of any other Payment Facilitator, nor may a Payment Facilitator be a Payment Facilitator for another Payment Facilitator.

Unless otherwise approved by the Corporation, any Submerchant that exceeds USD 1,000,000 in MasterCard and Maestro combined annual Transaction volume must enter into a Merchant Agreement directly with a Customer.

##### **7.6.5.1 Responsibility for Payment Facilitator and Submerchant Activity**

The Acquirer is responsible for the Activity of the Payment Facilitator and each of its Submerchants. The Acquirer must ensure ongoing compliance with all of the following.

1. A Submerchant must be located within the Acquirer's Area of Use as described in Rule 1.7, "Area of Use." The Acquirer must obtain an extension of its Area of Use if the Submerchant is located elsewhere, except as provided in Rule 1.7.2, "Extension of Area of Use Exceptions," paragraphs 5, 6, 7, and 8. The location of the Submerchant determines the location of a Transaction, not the location of the Payment Facilitator. A Payment Facilitator may be located outside of the Acquirer's Area of Use.
2. Settlement funds the Acquirer permits a Payment Facilitator to access may only be used to pay Submerchants pursuant to the terms of their Submerchant Agreements.
3. An Acquirer may permit a Payment Facilitator to manage the following obligations on behalf of the Acquirer, and remains fully responsible for the fulfillment of each to the extent that the Payment Facilitator fails to do so:
  - a. Verify that a Submerchant is a bona fide business operation, as set forth in section 7.1.2, "Submerchant Screening Procedures" in Chapter 7 of the *Security Rules and Procedures* manual; and
  - b. Retain records concerning the investigation of a prospective Submerchant, provided that such records are provided to the Acquirer immediately upon request; and
  - c. Pay a Submerchant for Transactions, in accordance with Rule 7.8.2, "Obligations as Sponsor of Submerchants," part 4; and
  - d. Ensure that a Submerchant is supplied with materials necessary to effect Transactions as set forth in Rule 7.8.2, "Obligations as Sponsor of Submerchants," part 5; and
  - e. Monitor a Submerchant's Activity on an ongoing basis to deter fraud or other wrongful activity, as set forth in Rule 7.8.2, part 6.
4. Neither the Payment Facilitator nor the Submerchant may require a Cardholder to waive a right to dispute a Transaction.

5. The Acquirer must provide to the Corporation a quarterly Activity report for each Submerchant of the Payment Facilitator that includes:
  - a. Submerchant name and location as appears in DE 43 (Card Acceptor Name/Location) of clearing records
  - b. Submerchant “doing business as” name or URL
  - c. Submerchant MCCs
  - d. Transaction sales count and amount for each MCC
  - e. Transaction chargeback count and amount for each MCC

Provided the Acquirer is compliant with parts 6 and 7 set forth immediately below, and unless otherwise required by the Corporation, the requirements set forth in this part 5 are not applicable to Processed Transactions.

6. An Acquirer that uses a Payment Facilitator must populate the Payment Facilitator field with a Payment Facilitator (PF) ID in all Transaction messages as follows. The PF ID must match the Company ID provided during Payment Facilitator registration or will be provided directly by the Corporation.
  - a. DE 48 (Additional Data—Private Use), subelement 37 (Additional Merchant Data), subfield 1 (Payment Facilitator ID) of Authorization Request/0100 and Financial Transaction Request/0200 messages; and
  - b. PDS 0208 (Additional Merchant Data), subfield 1 (Payment Facilitator ID) of First Presentment/1240 messages.
7. An Acquirer that uses a Payment Facilitator must populate the Submerchant field with a Submerchant ID in all Transaction messages as follows. The Submerchant ID must match the Submerchant ID supplied by the Acquirer or Payment Facilitator.
  - a. DE 48 (Additional Data—Private Use), subelement 37 (Additional Merchant Data), subfield 3 (Submerchant ID) of Authorization Request/0100 and Financial Transaction Request/0200 messages; and
  - b. PDS 0208 (Additional Merchant Data), subfield 2 (Submerchant ID) of First Presentment/1240 messages.

### 7.6.6 High-Risk Payment Facilitators

A Payment Facilitator that proposes to sponsor as Submerchants one or more entities conducting business that may be described under any one of the following MCCs or any entity that, as a Merchant, was reported under the Excessive Chargeback Program is deemed by the Corporation to be a “High-Risk Payment Facilitator.”

- Non–face-to-face adult content and services Merchants—MCCs 5967 and 7841
- Non–face-to-face gambling Merchants—MCC 7995
- Non–face-to-face pharmaceutical Merchants—MCC 5122 and MCC 5912
- Non–face-to-face tobacco product Merchants—MCC 5993
- High-risk cyberlocker Merchants—MCC 4816 (registration required effective 15 September 2015)



The Acquirer must register each such entity in the MasterCard Registration Program (MRP) system via MasterCard Connect™ before accepting Transactions arising from such entity, whether directly or through a Payment Facilitator, as described in Chapter 9 of the *Security Rules and Procedures* manual.

The Corporation, in its sole discretion, may de-register a Payment Facilitator if it or any of its Submerchants is identified as generating excessive chargebacks or fraudulent activity or of violating any Standard or applicable law. The Corporation reserves the right to de-register a Payment Facilitator or Submerchant that in the opinion of the Corporation, participates in any activity that may cause damage to the Corporation.

The Corporation reserves the right to require an Acquirer to provide a monthly Processed Transaction Activity report that includes all of the information listed in Rule 7.6.5.1, “Responsibility for Payment Facilitator and Submerchant Activity,” part 5 for any Submerchant of a High-Risk Payment Facilitator.

The Merchant monitoring requirements set forth in Chapter 9 of the *Security Rules and Procedures* manual apply to Submerchants of High-Risk Payment Facilitators.

**NOTE: Modifications to this Rule appear in the “United States Region” chapter.**

## 7.7 Issuing Programs

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Each Customer and each Service Provider that performs Program Service with respect to that Customer’s issuing Programs must comply with all of the following:

### 7.7.1 Card Application Approval

The Customer itself, and not a Service Provider, must approve the application of a person to participate as a Cardholder in the Customer’s Card Program.

### 7.7.2 Cardholder Agreement

The Cardholder agreement must disclose the Customer’s name and sufficient information to enable the Cardholder to contact the Customer directly by telephone or in writing. The Service Provider must not be a party to the Cardholder agreement.

### 7.7.3 Program Payments

All Program payments other than Card application fees paid by prospective Cardholders must be collected directly by the Customer and not by the Service Provider.

### 7.7.4 Program Receivables

A Service Provider may own Program receivables or participate in a financing vehicle involving such receivables so long as the Corporation determines that the Customer continues to own

and control the Program. Ownership of such receivables by the Service Provider does not in any way limit the Customer's obligation to comply with the Standards.

## 7.8 Payment Facilitator Obligations

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The Acquirer must ensure that its Payment Facilitator satisfies all of the obligations set forth in this Rule.

### 7.8.1 Submerchant Agreement

Pursuant to a written agreement between an Acquirer and a Payment Facilitator, a Payment Facilitator may enter into a Submerchant Agreement with a Submerchant for the purpose of facilitating the Acquirer's acquiring of Transactions from the Submerchant. The Submerchant Agreement must conform to Standards pertaining to Merchant Agreements, and must clearly and conspicuously:

- Identify the Acquirer;
- Disclose contact information of the Acquirer that the Submerchant may use to address questions and concerns; and
- Reflect that the Payment Facilitator is entering into the Submerchant Agreement on behalf of and as an agent of the identified Acquirer.

The Submerchant Agreement must not interfere with or lessen the right of the Payment Facilitator, the Acquirer, or the Corporation to terminate the agreement at any time. The Corporation reserves the right to restrict a Payment Facilitator from entering into a Submerchant Agreement based on the business of the entity or other criteria as the Corporation deems appropriate.

#### 7.8.1.1 Required Submerchant Agreement Terms

A Submerchant Agreement must include all provisions required to be included in a Merchant Agreement, in addition to complying with Rule 7.8.1 and this Rule 7.8.1.1. The failure of the Payment Facilitator to include the substance of any one or more of such Standards in the Submerchant Agreement or the grant of a variance by the Corporation with respect to any one or more such Standards does not relieve an Acquirer from responsibility for chargebacks or compliance related to the Activity of or use of the Marks by the Submerchant.

The Submerchant Agreement must, in substance, include all of the following provisions:

1. On an ongoing basis, the Submerchant is promptly to provide the Payment Facilitator with the current address of each of its offices, all "doing business as" (DBA) names used by the Submerchant, and a complete description of goods sold and services provided.
2. In the event of any inconsistency between any provision of the Submerchant Agreement and the Standards, the Standards will govern.
3. The Payment Facilitator is responsible for the Card acceptance policies and procedures of the Submerchant, and may require any changes to its website or otherwise that it deems necessary or appropriate to ensure that the Submerchant remains in compliance with the Standards governing the use of the Marks.

4. The Submerchant Agreement automatically and immediately terminates if the Corporation de-registers the Payment Facilitator or if the Payment Facilitator's Acquirer ceases to be a Customer for any reason or if such Acquirer fails to have a valid License with the Corporation to use any Mark accepted by the Submerchant.
5. The Payment Facilitator may, at its discretion or at the direction of its Acquirer or the Corporation, immediately terminate the Submerchant Agreement for activity deemed to be fraudulent or otherwise wrongful by the Payment Facilitator, its Acquirer, or the Corporation.
6. The Submerchant acknowledges and agrees:
  - a. To comply with all applicable Standards, as amended from time to time;
  - b. That the Corporation is the sole and exclusive owner of the Marks;
  - c. Not to contest the ownership of the Marks for any reason;
  - d. The Corporation may at any time, immediately and without advance notice, prohibit the Submerchant from using any of the Marks for any reason;
  - e. The Corporation has the right to enforce any provision of the Standards and to prohibit the Submerchant and/or its Payment Facilitator from engaging in any conduct the Corporation deems could injure or could create a risk of injury to the Corporation, including injury to reputation, or that could adversely affect the integrity of the Interchange System, the Corporation's Confidential Information as defined in the Standards, or both; and
  - f. The Submerchant will not take any action that could interfere with or prevent the exercise of this right by the Corporation.

The Submerchant Agreement must not contain any terms that conflict with any Standard.

**NOTE: Modifications to this Rule appear in the "United States Region" chapter.**

## 7.8.2 Obligations as Sponsor of Submerchants

A Payment Facilitator must fulfill all of the following obligations with respect to each of its Submerchants.

### 1. Submit Valid Transactions

The Payment Facilitator must submit to its Acquirer records of valid Transactions submitted by a Submerchant and involving a bona fide Cardholder. The Payment Facilitator must not submit to its Acquirer any Transaction that the Payment Facilitator or the Submerchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that either knows or should have known to be authorized by a Cardholder colluding with the Submerchant for a fraudulent purpose. For purposes of this Rule, the Submerchant is deemed to be responsible for the conduct of its employees, agents, and representatives.

### 2. Submerchant Compliance with the Standards

The Payment Facilitator must ensure that each of its Submerchants complies with the Standards applicable to Merchants.

### 3. Maintaining Submerchant Information

The Payment Facilitator must maintain, on an ongoing basis, the names, addresses, and URLs if applicable of each of its Submerchants. The Acquirer must ensure that the Payment Facilitator promptly supplies the Corporation with any such information upon request.

#### 4. **Payments to Submerchants**

Each Payment Facilitator must pay each Submerchant for all Transactions the Payment Facilitator submits to its Acquirer on the Submerchant's behalf. This obligation is not discharged with regard to a Transaction until the Submerchant receives payment from the Payment Facilitator, notwithstanding any payment arrangement between the Submerchant and the Payment Facilitator or between the Payment Facilitator and its Acquirer.

A Submerchant Agreement may provide for a Payment Facilitator to withhold amounts for chargeback reserves or similar purposes.

#### 5. **Supplying Materials to Submerchants**

Each Payment Facilitator must regularly ensure that each of its Submerchants is provided with all materials necessary to effect Transactions in accordance with the Standards and to signify Card acceptance.

#### 6. **Submerchant Monitoring**

Each Payment Facilitator must monitor on an ongoing basis the Activity and use of the Marks of each of its Submerchants for the purpose of deterring fraudulent and other wrongful activity and to ensure ongoing compliance with the Standards. For purposes of this Rule, the minimum Merchant monitoring Standards set forth in the *Security Rules and Procedures* manual apply with respect to Submerchants.

#### 7. **Provide Information**

Each Payment Facilitator must ensure that each of its Submerchants is provided with the information specified in Rule 5.3.3.

**NOTE: Modifications to this Rule appear in the "United States Region" chapter.**

## 7.9 Registration Requirements for DSEs, ISOs and Type II TPPs

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Each Principal and Association, for itself and each of its Sponsored Affiliates, must use the Business Administration [Register and Provision a Company] application on MasterCard Connect™ to register any Service Provider not designated by the Corporation as a Type I TPP. A Customer may elect to register an entity as an SPRF for the purpose of having that SPRF perform Service Provider registration requirements for DSE, ISO and Type II TPP Service Providers on the Customer's behalf.

The following requirements apply:

1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission date.

2. A Service Provider performing TPP Program Service that also wants to provide ISO Program Service to one or more Customers must be distinctly proposed for registration by the Corporation on behalf of each Customer wishing to receive Program Service from that Service Provider.
3. A Service Provider that performs services involving the storage, transmission, or processing of Account, Cardholder, or Transaction data must comply with the PCI Data Security Standard in accordance with the MasterCard Site Data Protection (SDP) Program implementation schedule for Service Providers, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual. Before initiating registration, the Customer must instruct the proposed Service Provider to contact the Corporation via email at [sdp@mastercard.com](mailto:sdp@mastercard.com) and validate its compliance with the SDP Program using the tools described in section 10.3.2, "Compliance Validation Tools," of the *Security Rules and Procedures* manual. For any proposed Type II TPP that is not compliant, the Corporation must be provided and must approve a compliance action plan. A Corporation-approved compliance action plan does not exempt the Customer from responsibility and liability that arises from its or any of its Sponsored Affiliates' or their Type II TPP's noncompliance with any Standard, including those relating to the disclosure and securing of Account, Cardholder, and Transaction data. The registration of a proposed DSE will not be deemed complete until its compliance is validated.
4. The Corporation collects the applicable fee then in effect from the Customer that proposes the registration via the *MasterCard Consolidated Billing System* (MCBS).
5. The Customer must receive the Corporation's written confirmation of the registration before:
  - a. The Customer or any of its Sponsored Affiliates or any of their Service Providers or Merchants receive Program Service from the proposed Service Provider; or
  - b. The proposed Service Provider commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Customer or any of its Sponsored Affiliates.

In its sole discretion, the Corporation may approve or reject any application for the registration of a Service Provider.
6. To maintain the registration of a Service Provider, the Customer must submit information as required by the Corporation, including but not limited to a copy of the Program Service agreement, if applicable. The renewal fee then in effect is debited from the Customer via MCBS. In its sole discretion, the Corporation may decline to renew the registration of a Service Provider.

If a Customer terminates a Service Provider, the Customer must notify the Corporation or its SPRF of the termination date and of the reasons for the termination. This notification must be received by the Corporation or its SPRF within one week of the decision to terminate. In its sole discretion, the Corporation may require a Customer to terminate a Service Provider at any time.

### 7.9.1 Site Data Protection (SDP) Program Noncompliance

Each Customer that has registered or proposed the registration of a Type II TPP to provide Program Service for itself and/or any of its Sponsored Affiliates must promptly notify each of

its Merchants and any other entity that may be impacted by the Program Service if the registered or proposed TPP is not fully compliant with the applicable SDP Program requirements. Notice must be made by the date on which the Program Service commences, or immediately if Program Service has commenced.

Such notification must include, with respect to the registered or proposed TPP:

1. The name and address of the TPP;
2. A description of the Program Service to be or being provided by the TPP;
3. A description of SDP Program requirements the TPP is not compliant with; and
4. A specific date by which the TPP will become fully compliant with applicable SDP Program requirements, or, in the alternative, the date by which the TPP will cease providing Program Service.

The application of a DSE will not be approved until such time as the DSE becomes fully compliant with SDP Program requirements.

## 7.10 Registration Requirements for Type I TPPs

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A TPP that the Corporation determines to be a Type I TPP, upon receiving notification of such determination, must apply to be registered by the Corporation as a Type I TPP, as follows.

1. Within 90 days of receiving notification of its designation by the Corporation as a Type I TPP, the TPP must submit:
  - a. TPP Registration Form 919 via email to [tpp\\_registration@mastercard.com](mailto:tpp_registration@mastercard.com);
  - b. An Attestation of Compliance (AOC) via email to [sdp@mastercard.com](mailto:sdp@mastercard.com). The AOC must demonstrate compliance with the PCI Data Security Standard in accordance with the MasterCard Site Data Protection (SDP) Program implementation schedule applicable to Level 1 Service Providers, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual. A compliance plan will not be accepted.
  - c. SSAE16 and business continuity forms via email to [tprmrequest@mastercard.com](mailto:tprmrequest@mastercard.com).
2. A Type I TPP must not also provide ISO Program Service unless registered to provide ISO Program Service.

After registration by the Corporation of a Type I TPP, and on a quarterly basis, the applicable fee is charged by the Corporation directly to the Type I TPP. Renewal of Type I TPP registration status is at the sole discretion of the Corporation.

**NOTE: A Rule on this subject appears in the "United States Region" chapter.**

## 7.11 Registration Requirements for Type III TPPs

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**NOTE: A Rule on this subject appears in the "United States Region" chapter.**

## 7.12 Registration Requirements for Payment Facilitators

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To propose a Merchant for registration as a Payment Facilitator, the Acquirer must:

- Be a Customer in good standing with the Corporation, and
- Meet any and all capital requirements designated by the Corporation, and
- If the entity is deemed to be a potential High-Risk Payment Facilitator, be in good standing with all of the Corporation's risk management programs.

To register a Merchant as a Payment Facilitator, the Acquirer must:

1. Submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission to [payment\\_facilitator@mastercard.com](mailto:payment_facilitator@mastercard.com); and
2. Ensure that the Payment Facilitator is compliant with the PCI Data Security Standard in accordance with the MasterCard Site Data Protection (SDP) Program implementation schedule applicable to Merchants, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual.
3. The Corporation collects the applicable fees then in effect from the Acquirer that proposes the registration, or if an Affiliate, its Sponsor via the MasterCard Consolidated Billing System (MCBS).
4. The Acquirer must receive the Corporation's written or email confirmation of the registration before the Acquirer may submit Transactions from the Payment Facilitator or any of its Submerchants into interchange. In its sole discretion, the Corporation may approve or may reject any application for the registration of a Payment Facilitator.
5. To maintain the registration of a Payment Facilitator, the Customer must submit such information and material as may be required by the Corporation from time to time, including but not limited to a copy of the agreement between the Acquirer and the Payment Facilitator. The renewal fee then in effect is debited from the Acquirer, or if an Affiliate, its Sponsor via MCBS. In its sole discretion, the Corporation may decline to renew the registration of a Payment Facilitator.

If the Acquirer ceases to accept Submerchant Transactions from or terminates a Payment Facilitator, the Acquirer must notify the Corporation of the date and reasons for such action within one week of the decision. In its sole discretion, the Corporation may require an Acquirer to cease to accept Submerchant Transactions from a Payment Facilitator at any time.

## 7.13 Registration Requirements for Staged DWOs

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Each Principal and Association, for itself and each of its Sponsored Affiliates, that acquires or proposes to acquire Transactions effected by means of a Staged Digital Wallet must register the Staged DWO with the Corporation in accordance with the following procedures:

1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration to [d\\_wallet\\_registration@mastercard.com](mailto:d_wallet_registration@mastercard.com) within 60 days of the registration application submission date.

2. The Staged DWO must comply with the PCI Data Security Standard in accordance with the MasterCard Site Data Protection (SDP) Program implementation schedule applicable to Merchants, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual. Before initiating registration, the Sponsoring Customer must instruct the proposed Staged DWO to contact the Corporation via email at [sdp@mastercard.com](mailto:sdp@mastercard.com) and validate its compliance with the SDP Program using the tools described in section 10.3.2, "Compliance Validation Tools," of the *Security Rules and Procedures* manual. For any proposed Staged DWO that is not compliant, the Corporation must be provided and must approve a compliance action plan. A Corporation-approved compliance action plan does not exempt the Customer from responsibility and liability that arises from the Customer's or any of its Sponsored Affiliates' or their Staged DWO's noncompliance with any Standard, including those relating to the disclosure and securing of Account, Cardholder, and Transaction data. The registration of a proposed Staged DWO will not be deemed complete until its compliance is validated.
3. The Corporation collects the applicable fees then in effect from the Customer that proposes the registration via the MasterCard Consolidated Billing System (MCBS).
4. The Customer must receive the Corporation's written or email confirmation of the registration before the Customer or any of its Sponsored Affiliates or any of their Service Providers or Merchants receive Program Service from the Staged DWO and before the Staged DWO commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Principal or Association or any of its Sponsored Affiliates. In its sole discretion, the Corporation may approve or may reject any application for the registration of a Service Provider.
5. To maintain the registration of a Staged DWO, the Customer must submit such information and material as may be required by the Corporation from time to time. The renewal fee then in effect is debited from the Customer via MCBS. In its sole discretion, the Corporation may decline to renew the registration of a Staged DWO as a Service Provider.

If the Customer terminates a Staged DWO, the Customer must notify the Corporation or its SPRF of the termination date and of the reasons for the termination. This notification must be received by the Corporation or its SPRF within one week of the decision to terminate. In its sole discretion, the Corporation may require a Customer to terminate a Staged DWO as a Service Provider at any time.

## 7.14 Registration Requirements for Digital Activity Service Providers

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Each Principal and Association, for itself and each of its Sponsored Affiliates must use the Business Administration [Register and Provision a Company] application on MasterCard Connect™ to register a Digital Activity Service Provider (DASP). A Digital Activity Customer must notify the Corporation of each Digital Activity Service Provider it proposes to use, and the Corporation will complete the registration on the Digital Activity Customer's behalf. The following requirements apply:



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1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission date.
  2. The proposed Digital Activity Service Provider successfully completes all certification and testing procedures required by the Corporation.
  3. The Corporation collects the applicable fee then in effect from the Customer that proposes the registration via the MasterCard Consolidated Billing System (MCBS).
  4. The Customer must receive the Corporation's written confirmation of the registration before:
    - a. The Principal, Association, a Sponsored Affiliate, or the Digital Activity Customer receive Program Service from the proposed DASP; or
    - b. The proposed DASP commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Principal, Association, a Sponsored Affiliate, or the Digital Activity Customer.

In its discretion, the Corporation may approve or reject any application for the registration of a DASP.

5. To maintain the registration of a DASP, the Customer must submit such information as may be required by the Corporation. The registration renewal fee then in effect is debited from the Customer via MCBS. In its discretion, the Corporation may decline to renew the registration of a DASP.

If a Customer terminates a DASP, the Customer must notify the Corporation of the termination date and of the reasons for the termination. This notification must be received by the Corporation within one week of the decision to terminate. In its discretion, the Corporation may require a Customer to cease receiving DASP Program Service from a DASP at any time.

## 7.15 Registration of a Service Provider Registration Facilitator

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A Customer itself must request that an entity be registered by the Corporation as a Service Provider Registration Facilitator (SPRF) and an entity must be registered by the Corporation as an SPRF before commencing to provide Service Provider registration Program Service.

## 7.16 Service Provider Registration Noncompliance

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A Customer that fails to comply with these Service Provider registration requirements is subject to noncompliance assessments of up to USD 25,000 for each 30-day period of noncompliance.

## 7.17 Prohibition from Acting as a Service Provider

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The Corporation reserves the right to prohibit, either for a fixed period of time or permanently, a Service Provider, its owners, and/or employees from performing Program Service, acting as DSE, or both.

## 7.18 Termination of Program Service Agreement or De-registration

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On the effective date of the termination or expiration of the Program Service agreement, or upon notice by the Corporation, or upon expiration or de-registration of an entity as a Service Provider, the entity must immediately cease all use of the Corporation's systems, Marks and cease performing the Program Service.

## 7.19 Confidential Information of Service Providers

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With regard to any Service Provider, and regardless of (i) how the Service Provider is or may be categorized, (ii) the nature of Program Services the Service Provider may perform, and (iii) whether the Service Provider is registered as a Service Provider by the Corporation, the following information is not confidential information:

1. The name, address and other contact information of the Service Provider;
2. The identity of any Customer the Corporation believes may be receiving Program Services by the Service Provider;
3. The nature of Program Services the Corporation believes the Service Provider may be performing for any Customer; and
4. Any information the Corporation deems necessary or appropriate to disclose in order to safeguard the financial, reputational or other interests of the Corporation, Customers, or both.

## **7.20 Audits**

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The Corporation or its designee may conduct one or more regular or periodic financial and procedural audits of the Customer, its Service Providers, or both, at any time and from time to time for the purpose of determining compliance with the Standards, including these Service Provider Rules. The Customer bears all costs of any such audit or audits. The Customer and its Service Providers each must fully co-operate with and promptly supply the Corporation with all information and material upon request.

## **7.21 No Endorsement by the Corporation**

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In no event does compliance with these Service Provider Rules or enforcement or any lack of or delay in enforcement thereof or the registration of a Service Provider imply, suggest, or otherwise mean that the Corporation endorses any Service Provider or the nature or quality of Program Service or other performance or that the Corporation approves of, is a party to, or a participant in, any act or omission by a Service Provider or other entity acting for or on behalf of a Customer.

## Chapter 8 Settlement and Related Obligations

*This chapter contains Rules relating to interchange and service fees, settlement, and other financial obligations.*

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## 8.1 Definitions

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As used in the Rules set forth in this section, the following terms have the meanings described:

1. “Interchange fee” means an amount paid by the Acquirer to the Issuer with respect to the interchange of a Transaction conducted by a Merchant or a Merchandise Transaction conducted at an ATM Terminal. All references to interchange fees in this section mean both the levels of the fees and all qualifying criteria and conditions for their applicability.
2. “Intracountry issuing Volume” means the issuing Volume resulting from Intracountry Transactions.
3. “Intracountry acquiring Volume” means the acquiring Volume resulting from Intracountry Transactions.
4. “Service fee” means an amount paid by the Issuer to the Acquirer with respect to the interchange of a Manual Cash Disbursement Transaction or ATM Transaction. All references to service fees in this section mean both the levels of the fees and all qualifying criteria and conditions for their applicability.

## 8.2 Net Settlement

---

A Customer that uses the Interchange System for the authorization and clearing of Transactions is required to net settle in accordance with the Corporation’s settlement Standards. However, an Acquirer and an Issuer may, with respect to a particular Transaction, agree to settle directly between themselves pursuant to a bilateral agreement.

Standards describing net settlement and bilateral agreement rights and obligations are set forth in the *Settlement Manual*. For information about Single Message System settlement options, refer to *Single Message System Settlement and Reports*.

### 8.2.1 Currency Conversion

The Corporation converts Transactions processed through use of the Interchange System into the applicable settlement currency. The Acquirer must submit each Transaction in the currency in which it occurred. When POI currency conversion is offered, the Transaction currency is the currency agreed between the Cardholder and the Merchant or selected by the Cardholder at an ATM Terminal or PIN-based In-Branch Terminal.

If two Customers elect not to settle a Transaction by using the Interchange System and instead elect to settle directly between themselves in accordance with a bilateral agreement, any Transaction currency that the Corporation supports is acceptable for settlement.

**NOTE: Modifications to this Rule appear in the “Latin America and the Caribbean Region” chapter.**

## 8.2.2 Settlement Currency

**NOTE: A Rule on this subject appears in the “United States Region” chapter.**

## 8.2.3 Settlement Finality

**NOTE: Rules on this subject appear in the “Europe Region” chapter.**

## 8.2.4 Reconciliation

It is the responsibility of each Customer to reconcile the totals and Transactions provided by the Interchange System to its own internal records on a daily basis.

For more information on reconciliation, refer to *Single Message System Programs and Services* and the *GCMS Reference Manual*.

## 8.3 Interchange and Service Fees

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A Transaction settled between Customers gives rise to the payment of the appropriate interchange fee or service fee, as applicable. The Corporation has the right to establish default interchange fees and default service fees (hereafter referred to as “interchange fees,” “service fees,” or collectively, “fees”), it being understood that all such fees set by the Corporation apply only if there is no applicable bilateral interchange fee or service fee agreement between two Customers in place. The Corporation establishes all fees for Interregional Transactions and Intraregional Transactions, and may establish fees for Intracountry Transactions.

The Corporation will inform Customers, as applicable, of all fees it establishes and may periodically publish fee tables. Unless an applicable bilateral interchange fee or service fee agreement between two Customers is in place, any intraregional or interregional fees established by the Corporation are binding on all Customers.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region” and “Europe Region” chapters.**

### 8.3.1 Cost Studies

The Corporation or its agent may conduct one or more cost studies on a country-specific or regional or other basis for the purpose of establishing interchange and service fees. In order to ensure a sufficient quantity and level of data quality and representativeness as the Corporation deems necessary, the Corporation may designate any number of Customers to participate in cost studies. Each Customer so designated is required to participate and must provide and be able to certify that it has provided the Corporation or its agent with complete and accurate information in the form and manner and for such period of time and by a date as requested.

#### 8.3.1.1 Allocation of Expenses

The Corporation may allocate expenses related to any cost study among Customers conducting Activity in the country or region or other area that is the subject of the cost study.

The expenses may be allocated as the Corporation deems appropriate and the decision of the Corporation is binding on all Customers in that country or region or other area.

### **8.3.1.2 Compliance with a Cost Study**

A Customer designated to participate in a cost study that fails to fully and timely participate is subject to assessments and other disciplinary action at the sole discretion of the Corporation.

## **8.4 Establishment of Intracountry Interchange and Service Fees**

---

This rule is applicable only to Intracountry Transactions.

If intracountry interchange and service fees are not established by the Corporation, such fees may be established in one of two ways: by agreement of Customers in the country as set forth in Rule 8.4.1, or by application of intraregional interchange and service fees to Intracountry Transactions as set forth in Rule 8.4.2. Such fees may also be established by bilateral agreement between two Customers as set forth in Rule 8.4.3.

For any Transaction that is subject to a bilateral agreement between two Customers, the interchange and service fees set forth in the bilateral agreement prevail.

For any Transaction that is not subject to a bilateral agreement between two Customers, the default intracountry fees established by the Corporation apply, or if none, the default intracountry fees established by Customers pursuant to these Rules apply, or if none, the intraregional fees apply, or if none, the interregional fees apply. Any multilateral Customer fee agreement must comply with all requirements set forth in Rule 8.4.1. The Corporation reserves the right to determine if multiple bilateral agreements are deemed to be a multilateral agreement.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Europe Region,” and “Latin America and the Caribbean Region” chapters.**

### **8.4.1 Default Intracountry Fees**

If permitted by local law, default fees applicable to Intracountry Transactions for a country may be established by the affirmative vote of Customers that hold a License for the country and represent at least 75 percent of the intracountry issuing Volume (excluding on-us Volume) and at least 75 percent of the intracountry acquiring Volume (excluding on-us Volume) in the preceding calendar year. To be effective, and in addition to the foregoing, intracountry fallback fees must be agreed to by at least two Acquirers and at least two Issuers Licensed to engage in Activity in the country.

Once effective, intracountry fallback fees remain in effect until revised by Customers pursuant to these Rules or by the Corporation.

Intracountry default fees established by Customers must be established with the purpose of encouraging the widespread use and acceptance of Cards, must be justifiable, must not jeopardize the integrity of the Interchange System, must not conflict with the Standards, and must be reviewed periodically (typically, every one to three years) and revised as appropriate.

Customers that establish intracountry default fees must promptly provide the Corporation with a copy of such fees and any subsequent change to the fees. Customers must be notified of intracountry default fees and any change thereto well in advance of the effective date, unless exceptional circumstances make this impossible. Exceptional circumstances generally must relate to events beyond the control of Customers; in the event of dispute or uncertainty, the Corporation determines if notice was effective. Intracountry default fees that have not been provided to and acknowledged by the Corporation as effective as of a certain date are not effective.

**NOTE: A modification to this Rule appears in the “Asia/Pacific Region” chapter.**

#### **8.4.2 Intraregional Fees**

In the event that no bilaterally agreed interchange fee or service fee applies and no default interchange fee or service fee has been established pursuant to these Rules, the applicable intraregional fee or if none, the interregional fee, applies to Intracountry Transactions.

**NOTE: A modification to this Rule appears in the “Asia/Pacific Region” chapter.**

#### **8.4.3 Bilateral Agreement**

Any two Customers may establish, by bilateral agreement, the interchange and service fees applicable to Transactions between them. All such fees must be submitted promptly to the Corporation. When applicable to Transactions processed through the Interchange System, they must be submitted to the Corporation sufficiently in advance of the effective date to allow the Corporation to incorporate the fees into future Interchange System releases as necessary.

**NOTE: Modifications to this Rule appear in the “Asia/Pacific Region” chapter.**

### **8.5 Failure of a Principal or Association to Discharge a Settlement Obligation**

---

Subject to the limitation set forth in this Rule, if a Principal or Association fails to discharge a Settlement Obligation arising from or in connection with any Processed Transaction, the Corporation will satisfy such Settlement Obligation to the extent such Settlement Obligation is not otherwise satisfied.

To the extent the Corporation satisfies a Customer’s Settlement Obligation, such satisfaction constitutes an automatic transfer, sale, and absolute assignment to the Corporation, and not an assignment for security purposes, of all right, title, and interest in the receivable. Such satisfaction of the Customer’s Settlement Obligation also entitles the Corporation to all records and documents related to the receivable, including the name and address of each Cardholder or other person obligated to satisfy any part of the receivable. The Customer must promptly deliver all such records and documents to the Corporation or to the Corporation’s



designee. Any proceeds received by or on behalf of the Customer from any receivable must be held in trust by the Customer and paid to the Corporation as soon as practicable.

The Corporation may take any action the Corporation deems necessary or appropriate to protect its interest in the receivable and to protect the integrity of the affairs of the Corporation, such as, by way of example and not limitation, by:

1. Refusing or rejecting Transaction authorization requests relating to use of the Customer's Cards.
2. Establishing a settlement account for monies due to and from the Customer.
3. Without prior notice to the Customer, holding any monies due, directly or indirectly and for any purpose, to the Customer from the Corporation and any Settlement Obligations due to the Customer and apply those monies to the amounts the Customer owes to the Corporation and to other Customers arising from Activity.
4. Listing some or all of a Customer's Account numbers on the Electronic Warning Bulletin file, the international Warning Notices, or both, or in other or similar publications.
5. Effecting chargebacks on behalf of the Customer.
6. Overseeing the disposition of unused Card stock and any other media bearing security-sensitive information, including Account information.

The Corporation assumes no liability, responsibility, or obligation to satisfy, in full or in part:

1. A Settlement Obligation arising from or in connection with a Transaction that was not a Processed Transaction.
2. A Settlement Obligation arising from or in connection with a Transaction in which the Principal or Association, considered together with one or more of its Affiliates, acts as both the Issuer and the Acquirer.
3. A Settlement Obligation arising from or in connection with a Transaction in which the Issuer and Acquirer are related parties or are under common Control by one or more parents, holding companies, or other entities.
4. A Settlement Obligation arising from or in connection with any of the Principal's or Association's Sponsored Affiliates.

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## 8.6 Settlement Liability for Debit Licensees

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**NOTE: A Rule on this subject appears in the "United States Region" chapter.**

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## 8.7 Settlement Liability for Type I TPPs that Sponsor Affiliates

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**NOTE: A Rule on this subject appears in the "United States Region" chapter.**

## 8.8 System Liquidity

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If the Corporation requires funds to maintain system liquidity and to meet the obligations that a Customer or Customers have failed to discharge (for purposes of this section, “Non-discharged Customer Obligations”), the Corporation may collect funds directly from the settlement accounts of Customers upon reasonable notice to the Customers.

In such event, the funds will be collected by the Corporation by:

1. Decreasing the gross daily settlement amounts of outgoing volumes of Customers by up to five percent (5%) of the amount settled on one or more days; and
2. Increasing the gross daily settlement amounts of incoming volumes of Customers by up to five percent (5%) of the amount settled on one or more days.

This collection may continue as long as deemed necessary or appropriate to satisfy Non-discharged Customer Obligations and to ensure system liquidity or until the Corporation deems such collection no longer necessary or appropriate.

Collected funds are treated as advance payments on the sums that may be required from the Customers in the allocation among Customers of loss related to Non-discharged Customer Obligations. If the funds collected from a Customer exceed the amount ultimately allocated to it in connection with Non-discharged Customer Obligations, the excess amount will be returned to the Customer with interest. If the funds collected from a Customer do not exceed the amount allocated to it, the Customer will pay any shortage to the Corporation with interest. Any interest payment by or to the Corporation will be based on the average effective Federal Reserve Fund’s Earning Credit Rate (or if such rate is not published, a rate that the Corporation designates) during the time between the incidence of the Customer funding and the final allocation.

## 8.9 Liability for Owned or Controlled Entities

---

Each Customer (referred to for purposes of this Rule as a “Responsible Customer”) shall irrevocably and unconditionally guarantee, as a primary obligor and not merely as a surety, to the Corporation and all other Customers, the prompt payment and performance of the obligations (the “Guaranteed Obligations”) of each of the Responsible Customer’s affiliated entities arising under the Standards and from each such affiliated entity’s MasterCard, Maestro, and Cirrus Activities and use of any of the Marks.

For purposes of this Rule, a Responsible Customer’s affiliated entity is defined as follows:

1. A Customer that is Owned or Controlled by the Responsible Customer or is owned or controlled by the Responsible Customer and another Customer or Customers; or
2. A Customer that, with the Responsible Customer, is under common Ownership by, or Control of, another entity; or
3. A Customer that Owns or Controls the Responsible Customer or shares Ownership or Control of the Responsible Customer with another Customer or Customers.

The obligations of each Responsible Customer under this Rule shall be continuing, absolute, and unconditional and shall not be discharged or impaired or otherwise affected by any act or omission (including any renewal, extension, amendment, waiver or unenforceability of any of the Guaranteed Obligations) that may vary the risk of such Responsible Customer or otherwise operate as a discharge of the obligations of such Responsible Customer as a matter of law or equity, and all defenses of the Responsible Customer with respect thereto are waived to the fullest extent permitted by applicable law.

The Responsible Customer's liability to the Corporation and all other Customers is a primary obligation, while the Corporation's liability, if any, to another Customer is secondary, in that it only arises if a Responsible Customer is unable to pay its Guaranteed Obligations in full. Any assessments imposed on a Customer for liability under this Rule may be collected by the Corporation, at its option, from the Customer's settlement account or by any other means available. A Responsible Customer may not be exempted from this Rule except upon written notice by the General Counsel of the Corporation.

## 8.10 Risk of Loss

---

Each Customer bears all risk of loss and the Corporation bears no risk of loss with respect to all amounts owed by the Customer under the Standards except to the extent any such amount is received by the Corporation, free and clear.

Each Customer remains fully responsible for fulfillment of, and must take all actions necessary to fulfill, all of its obligations under the Standards, regardless of whether the Customer designates a third party to perform all or any part of such obligations on the Customer's behalf. The fact that the Customer has paid any portion of the amounts owed to such third party designee does not discharge the Customer's obligations to the Corporation.

The Corporation may draw on the Customer's funds to fulfill any of the Customer's obligations under the Standards, regardless of whether those funds are held or controlled by the Customer or by any third party designee, to the same extent the Corporation is entitled to draw on funds from any settlement account or funds of the Customer under the Standards, and regardless of whether those funds are commingled with any other funds. If the Corporation draws on the Customer's funds, the Corporation is not required to reimburse the Customer or any third party (whether a third party designee of the Customer or another Customer) for funds drawn which are owned by any of them or otherwise subject to any of their rights. The Customer and any third party (whether a third party designee of the Customer or another Customer) bear all risk and liability related to the funds drawn and must jointly and severally indemnify and hold the Corporation harmless from all liability and claims arising from any such draw of funds.

Each Customer bears all risk of loss, and the Corporation bears no risk of loss with respect to all amounts owed by the Corporation to the Customer under the Standards once the payment is received by the Customer or a third party designee of the Customer, and regardless of whether or how such Transactions are cleared and settled.

Each Customer must notify the Corporation promptly in writing if any third party designee commingles funds received for or from the Customer in connection with the Customer's Transactions with any other funds. Each Customer must notify the Corporation promptly in writing of the details of any failure of the Customer or any third party designee of the Customer to meet any of their obligations with respect to payment of funds owed under the Standards.

If a Customer's third party designee advances funds on behalf of the Customer to pay the Corporation or any other party entitled to receive those funds under the Standards, then such payment is deemed to be a payment by the Customer, and the Customer, and the third party designee of the Customer, jointly and severally bear all risks of loss and must jointly and severally indemnify and hold the Corporation harmless from any and all liability and claims arising from any such payment.

The Customer must:

1. Obtain the prior written agreement of any third party designee of the Customer that may be given access to any funds owed by or to the Customer pursuant to the Standards; and
2. Guarantee any such third party designee's compliance with all its obligations to the Corporation under this subsection of the Rules.

**NOTE: Modifications to this Rule appear in the "United States Region" chapter.**

## 8.11 Loss Allocation Among Customers

---

Any loss that the Corporation incurs, or for which the Corporation may otherwise be responsible due to the failure of a MasterCard Customer, whether or not intentional, to perform any of its Participation obligations, may be allocated among the MasterCard Customers by the Corporation in such manner and at such times as the Corporation determines to be appropriate.

**NOTE: Modifications to this Rule appear in the "Europe Region" and "Latin America and the Caribbean Region" chapters.**

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## Chapter 9 Digital Activity

*This chapter contains Rules pertaining to Digital Activity and Digital Activity Customers.*

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## Digital Activity Rules

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The Standards for Digital Activity consist of:

1. These Digital Activity Rules, and any Rules published in other manuals that reference Digital Activity or Digital Activity Customers; and
2. The technical specifications set forth in the *Authorization Manual, Single Message System Programs and Services*, and other documentation relating to the MasterCard Digital Enablement Service and published by the Corporation from time to time.

## Applicability of Rules

---

The Rules in this Digital Activity chapter are variances and additions to the Rules in Chapters 1 through 8 that apply solely to Digital Activities.

The Rules in Chapters 1 through 8 continue to apply to the Activities of a Customer. The following Rules pertain only to the conduct of Activity and **do not** apply to Digital Activity or to Digital Activity Customers:

- Rule 1.5, "Interim Participation";
- The subsections of Rule 1.7, "Area of Use of the License";
- Rule 1.9.1, "Changing Customer Status"; Rule 1.9.3, "Right to Sponsor Affiliates"; Rule 1.9.4, "Change in Sponsorship of an Affiliate";
- Rule 1.10, "Participation in Competing Networks" and its subsections;
- Rule 1.11, "Portfolio Sale, Transfer, or Withdrawal";
- Rule 3.1, "Obligation to Issue MasterCard Cards";
- Rule 3.2, "Responsibility For Transactions";
- Rule 3.3, "Transaction Requirements";
- Rule 3.4, "Authorization Service";
- Rule 3.5, "Non-Discrimination—POS Transactions";
- Rule 3.6, "Non-Discrimination—ATM and PIN-based In-Branch Terminal Transactions";
- Rule 4.8, "Use of Marks on Maestro and Cirrus Cards";
- Rule 4.9, "Use of Marks on MasterCard Cards";
- Rule 4.10, "Use of a Card Design in Merchant Advertising and Signage";
- Chapter 5, "Acquiring," in its entirety;
- Chapter 6, "Issuing," in its entirety; and
- Chapter 8, "Settlement and Related Obligations," in its entirety.

## 1.1 Eligibility to be a Customer

---

The Rule on this subject, as it pertains to Digital Activity Customers, is replaced with the following.

An entity eligible to be a Digital Activity Customer may apply to become a Digital Activity Customer. No entity may participate in Digital Activity as a Digital Activity Customer until that entity is approved to be a Digital Activity Customer, has executed the applicable Digital Activity Agreement for the proposed Digital Activity in a form acceptable to the Corporation, and has paid all associated fees and other costs.

### 1.1.3 Digital Activity Customer

An entity that satisfies such eligibility criteria as the Corporation may adopt from time to time, consistent with the promotion of safe and sound business practices, may apply to be a Digital Activity Customer.

The decision to approve an applicant as a Digital Activity Customer is at the discretion of the Corporation.

The eligibility criteria that apply to Digital Activity as performed by a Wallet Token Requestor are:

1. Validation of the entity's compliance with the *Payment Card Industry Data Security Standard (PCI DSS)*;
2. Attestation of the entity's compliance with all applicable laws and regulations for each jurisdiction in which the Digital Activity is proposed to be conducted, including but not limited to the existence of client data privacy policies and procedures and all necessary licenses and other permissions as may be required; and
3. The successful completion of such certification and testing procedures as the Corporation may require to ensure that the applicant and/or the specified type of Mobile Payment Device on which the applicant's Digital Wallet will reside can perform all of the following in accordance with the Corporation's minimum standards:
  - a. Identification and Verification (ID&V), pursuant to a Token Implementation Plan deemed acceptable by the Corporation;
  - b. Device Binding; and
  - c. Any optional Transaction type or payment-related functionality to be supported, including but not limited to:
    - Any form of On-Device Cardholder Verification;
    - Contactless Transactions, which may be supported in both Magnetic Stripe Mode and EMV Mode or in EMV Mode only; and
    - Digital Secure Remote Payment Transactions.

## 1.8 The Digital Activity Agreement

---

Each Digital Activity Customer must enter into a Digital Activity Agreement with the Corporation.

In the event of an inconsistency between a Rule or other Standard and a provision in a Digital Activity Agreement, the Rule or other Standard shall be afforded precedence and the Digital Activity Agreement is deemed to be amended so as to be consistent with the Rule or other Standard. Each Digital Activity Customer must assist the Corporation in recording any Digital Activity Agreement granted to the Customer if required in the country or countries in which the Digital Activity Customer is located or otherwise upon request of the Corporation.

Each Digital Activity Agreement shall include a limited License granting the Customer the right to use the Marks solely in connection with the conduct of the approved Digital Activity, in accordance with the Standards, and with no specified Area of Use.

A Customer may only conduct Digital Activity as a Wallet Token Requestor in the country or countries in which the Corporation has implemented the MasterCard Digital Enablement Service and/or MasterCard Cloud-Based Payments, as applicable.

## 1.9 Participation in Activity and Digital Activity

---

The Rule on this subject, as it applies to Digital Activity, is modified to add the following.

Each Digital Activity Customer and each other Customer approved by the Corporation to conduct Digital Activity may participate only in such Digital Activity as is set forth in its Digital Activity Agreement or Agreements with the Corporation or as otherwise documented in writing by the Corporation.

## 3.12 Confidential Information of the Corporation and the Corporation's Affiliates

---

The Rule on this subject, as it applies to Digital Activity, is modified to add the following.

Each Digital Activity Customer and each other Customer engaged in Digital Activity must:

1. Use any of the Corporation's Systems and any of the Corporation's Confidential Information to which it has access in connection with its Digital Activity Agreements solely to conduct the Digital Activities specified therein;
2. Treat the Corporation's Systems and Confidential Information at least as carefully and confidentially as the Customer treats its own systems and proprietary information;
3. Acknowledge that access to the Corporation's Systems and Confidential Information does not provide the Customer with any right to use them further;
4. Limit access to the Corporation's Systems and Confidential Information to those employees with a need to have access in order to enable the Customer to perform its



Digital Activity and to implement and to maintain reasonable and appropriate safeguards to prevent unauthorized access to the Corporation's Systems or disclosure of the Corporation's Confidential Information, including those set forth in section 10.4 of the *Security Rules and Procedures* manual;

5. Immediately cease any use of the Corporation's Systems and Confidential Information upon request of the Corporation or upon the termination of its Digital Activity Agreements, and to immediately deliver all of the Corporation's Systems and Confidential Information to the Corporation; and
6. Immediately advise the Corporation if any unauthorized person seeks to gain or gains access to the Corporation's Systems or Confidential Information, whether by legal proceedings or otherwise.

### 3.16 Responsibility for Digital Activity—Wallet Token Requestors

Each Digital Activity Customer and each other Customer approved by the Corporation to engage in Digital Activity must establish adequate fraud loss controls for each of its Digital Activity Programs and use them actively and effectively.

Each Digital Activity Customer and each other Customer approved by the Corporation to engage in Digital Activity as a Wallet Token Requestor is responsible to the Corporation and to all other Customers, including but not limited to those whose Cardholders may elect to enroll in any of its Digital Wallet offerings, for all acts or omissions arising from the performance of its Digital Wallets. The Corporation may hold such Digital Activity Customer or other Customer liable, in full or in part, pursuant to section 10.2, "Account Data Compromise Events," of the *Security Rules and Procedures* manual, if the Corporation determines that the Digital Activity Customer or other Customer's Digital Wallet, or any device, network, system, or environment employed in connection with the Digital Wallet, was compromised or vulnerable to compromise or that the Digital Activity Customer or other Customer has or had a direct or indirect relationship with an agent whose device, network, system, or environment was compromised or vulnerable to compromise.

Only Corporation-certified On-Device Cardholder Verification (ODCV) methods may be included in a Wallet Token Requestor's Token Implementation Plan. Each ODCV method supported or proposed to be supported on a Mobile Payment Device in connection with the use of a Digital Wallet must be certified by the Corporation prior to use by Cardholders. The Corporation reserves the right to deem a Wallet Token Requestor that offers or makes available for use to Cardholders any non-Corporation-certified ODCV method fully liable for Issuer fraud losses that may result from the use of any such non-Corporation-certified ODCV method.

#### 3.16.1 Wallet Token Requestor Requirements

A Wallet Token Requestor must comply with all of the following requirements:

1. Unless the Wallet Token Requestor is an Issuer, contact the Corporation via e-mail at [sdp@mastercard.com](mailto:sdp@mastercard.com) to validate its compliance with the *Payment Card Industry Data Security Standard* by certifying the successful completion of an annual onsite assessment

by a Payment Card Industry (PCI) Security Standards Council (SSC) approved Qualified Security Assessor (QSA) and quarterly network scans conducted by a PCI SSC Approved Scanning Vendor (ASV), as set forth in section 10.3.2 of the *Security Rules and Procedures* manual.

2. Before participation begins and on an ongoing basis thereafter, perform testing and obtain any necessary certifications of its equipment, procedures, and systems as the Corporation may require to ensure compatibility with its technical specifications then in effect, and ensure its capability to transmit all required MasterCard Token authorization request message data.
3. Register to use the MasterCard Open API at the following site: <https://developer.mastercard.com/portal/display/api/API/registration/process>.
4. Establish a Token Implementation Plan that is acceptable to the Corporation and complies with the MasterCard Digital Enablement Service Specifications.
5. For each MasterCard Token implementation, use ID&V Parameters that are equivalent to those set forth in the Token Implementation Plan, regardless of whether the MasterCard Digital Enablement Service will Digitize the Accounts or the MasterCard Token Vault will perform PAN mapping and cryptography validation of the MasterCard Tokens.
6. Support the display of a Digital Card Image and any terms and conditions supplied by the Token Issuer on the Mobile Payment Device. MasterCard and Maestro branding on a Mobile Payment Device must be approved by the Corporation prior to implementation, as described in the "Contactless Branding in Mobile Applications" section of the *MasterCard Contactless Branding Standards* document.

The Corporation reserves the right to approve, refuse to approve, require the modification of, or withdraw the approval of a Token Implementation Plan, and to suspend, either temporarily or permanently, a Wallet Token Requestor's MasterCard Digital Enablement Service participation. A Customer may submit a written request that the Corporation's Chief Franchise Integrity Officer review such action, provided the request is postmarked within 30 days of the date on which notice of the action was received, and is signed by the Customer's principal contact. Any decision by the Chief Franchise Integrity Officer is final and not subject to further review or other action.

## Device Binding

Each Wallet Token Requestor that proposes to conduct Device Binding for MasterCard Tokens must:

1. Be certified by the Corporation under the Global Vendor Certification Program as compliant with all applicable physical and logical security requirements for data preparation and mobile provisioning, as described in section 2.4 of the *Security Rules and Procedures*;
2. Ensure all transmissions to and from the Token Requestor are secured through a mutually authenticated SSL (Secure Sockets Layer, client and server authentication); and
3. Store encryption keys in a secure key management center, and use two-level or three-level key encryption hierarchy for encryption key management.

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### 3.16.2 Wallet Token Requestor Obligations

A Wallet Token Requestor must not:

1. Disparage the Corporation or any of the Corporation's products, programs, services, networks, or systems;
2. Inhibit or prevent:
  - a. A MasterCard or Maestro Account provisioned onto an NFC-enabled Mobile Payment Device from being used to make payments at a contactless-enabled POS Terminal deployed at a Merchant; or
  - b. A MasterCard or Maestro Account provisioned onto a Mobile Payment Device from being used to make "in-application" purchases at a Merchant capable of processing Digital Secure Remote Payment Transactions;
3. Obscure or misuse any MasterCard or Maestro Mark, Issuer's logo, or Digital Card Image;
4. Present MasterCard or Maestro as a payment option in terms that are less favorable than those offered with respect to other payment options; or
5. Provide incentives with the intent of encouraging consumers to cease using a MasterCard or Maestro Account as the default payment option in its Digital Wallet, including but not limited to offering a direct or indirect reward or benefit to doing so.

Notwithstanding the foregoing, and for the avoidance of doubt, a Merchant located in the United States Region or a U.S. Territory may take any action set forth in Rule 5.9.1, "Discrimination," in the "Additional U.S. Region and U.S. Territory Rules" chapter.

## Chapter 10 Asia/Pacific Region

*This chapter contains Rules pertaining to Activity conducted in the Asia/Pacific Region.*

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## Applicability of Rules

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The Rules in this Asia/Pacific Region chapter are variances and additions to the “global” Rules that apply in the Asia/Pacific Region or in a particular Region country or countries.

Rule 5.1.2, “Required Merchant Terms,” Rule 5.8.1, “Honor All Cards,” and Rule 5.8.2, “Merchant Acceptance of MasterCard Cards” in this Asia/Pacific Region chapter, as they apply in New Zealand, apply to Debit MasterCard Cards and Other MasterCard Cards (and not to Cirrus-only Cards or Maestro-only Cards) issued in New Zealand by New Zealand Customers and presented for payment at Merchant locations in New Zealand. Customers and Merchants in New Zealand must continue to comply with the global rules for Cards issued by Customers outside of New Zealand and presented for payment at Merchant locations in New Zealand.

Refer to Appendix A for the Asia/Pacific Region geographic listing.

## Definitions

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Solely within New Zealand, the following terms have the meanings set forth below:

### **Debit, Debit MasterCard Card, Debit Card**

Any MasterCard Card or Program issued in New Zealand by a New Zealand Customer that when presented for payment in New Zealand, accesses, debits, holds, or settles funds from a consumer’s demand deposit or asset account. “Debit” or “Debit MasterCard Card” shall include consumer signature debit programs, stored value programs, prepaid cards, payroll cards, electronic benefit transfer cards, and deferred debit cards that access, debit, hold, or settle funds from the user’s demand deposit or asset account less than fourteen days after the date of purchase. “Debit” shall not include any Card or Program that accesses, debits, hold, or settles funds from the user’s demand deposit or asset account 14 or more days after the date of the purchase.

### **Other MasterCard Card**

Any MasterCard Card or Program issued in New Zealand by a New Zealand Customer that is not defined as “debit” or “Debit MasterCard Card.”

## 1.7 Area of Use of the License

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### 1.7.1 Extending the Area of Use

With respect to India, the Rule on this subject is modified as follows.

A License and written authorization from the Reserve Bank of India is required in order to conduct Activity in India.

## 1.10 Participation in Competing Networks

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In the Asia/Pacific Region, the Rule on this subject is modified as follows.

With the exception of Issuers in American Samoa, Guam, and Northern Mariana Islands, a Maestro Customer must not issue debit cards in any Competing PIN POS Network. A Maestro Customer, including a Customer in American Samoa, Guam, and Northern Mariana Islands, must not issue debit cards in any Competing International ATM Network.

## 3.1 Obligation to Issue MasterCard Cards

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The Rule on this subject does not apply in New Zealand.

## 3.13 Data Protection

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In the Asia/Pacific Region and solely for purposes of Rule 3.13, the following terms have the meanings set forth below.

### **Applicable Data Protection Law**

The applicable laws, rules, regulations, directives and governmental requirements in a country in the Asia/Pacific Region relating in any way to the privacy, protection and security of Personal Data, as amended from time to time.

### **Data Subject**

A Cardholder or Merchant or other natural person whose Personal Data is collected, used or disclosed by the Corporation or a Customer in a country in the Asia/Pacific Region.

### **Organization**

Any individual, company, association or body of persons, corporate or unincorporated, whether or not formed or recognised under the applicable law of a country in the Asia/Pacific Region, or resident, or having an office or a place of business, in a country in the Asia/Pacific Region.

### **Personal Data**

Any information or opinion, whether true or not, about an identified individual or an individual who can be identified or is reasonably identifiable from that information or opinion.

### **Processing of Personal Data**

The carrying out of any operation or set of operations in relation to Personal Data, including recording, holding, organization, adaptation or alteration, retrieval, combination, transmission and erasure or destruction.

### **Transaction-related Personal Data**

Personal Data required for authorizing, recording, settling and clearing a Transaction processed by the Corporation.

### **3.13.1 Processing of Transaction-Related Personal Data**

A Customer who collects, uses or discloses Transaction-related Personal Data in a country in the Asia/Pacific Region must comply with the Applicable Data Protection Law in that country.

A Customer is the Organization responsible for complying with the Applicable Data Protection Law in respect of the collection, use and disclosure of Personal Data, including the transfer of Personal Data outside the applicable country in the Asia/Pacific Region (including to the United States of America), for the purposes of authorizing, recording, clearing and settling transactions, and the Corporation acts as an entity that processes Personal Data on behalf of the Customer for these purposes.

The Corporation will only undertake Processing of Personal Data in accordance with the Customer's instructions and the Standards and will comply with security obligations equivalent to those imposed on the Customers under the Applicable Data Protection Law, and such other obligations as applicable to the Corporation under the Applicable Data Protection Law.

### **3.13.2 Data Subject Notice and Consent**

A Customer in a country in the Asia/Pacific Region must ensure that Data Subjects are properly informed and, if necessary, have given proper consent in accordance with the Applicable Data Protection Law that Personal Data relating to them may be collected, used or disclosed by the applicable Customer and the Corporation as set forth for the purposes provided for in Rule 3.10.

### **3.13.3 Data Subject Access to Personal Data**

In accordance with the Applicable Data Protection Law, a Customer in a country in the Asia/Pacific Region must develop and implement appropriate procedures for handling requests by Data Subjects for access to and/or correction of Personal Data maintained by the applicable Customer or the Corporation. The Corporation will cooperate with a Customer in responding to such requests and will provide access to Personal Data maintained by the Corporation where appropriate.

If an access request is made directly to the Corporation, a Customer must cooperate with the Corporation in promptly responding to the request.

### 3.13.4 Integrity of Personal Data

Each Customer in a country in the Asia/Pacific Region must take reasonable steps to ensure that Personal Data the Customer provides to the Corporation is accurate, complete and current.

## 4.9 Use of Marks on MasterCard Cards

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In Australia, the Rule on this subject is modified as follows.

The EFTPOS acceptance mark may appear only on the back of MasterCard Cards issued in Australia that provide access to a deposit account at the time of issuance.

When appearing on the back of a MasterCard Card, the EFTPOS acceptance mark is limited to acceptance solely within Australia. See the *Card Design Standards* for information regarding the placement of the EFTPOS acceptance mark on a MasterCard Card.

## 5.1 The Merchant and ATM Owner Agreements

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### 5.1.2 Required Merchant Agreement Terms

In New Zealand, the Rule on this subject is modified as follows.

A Merchant Agreement for MasterCard Card acceptance must provide the Merchant with the options, and the applicable Merchant discount rate for each option, to elect to accept Debit MasterCard Cards only, Other MasterCard Cards only, or both Debit MasterCard Cards and Other MasterCard Cards. A Merchant may choose to stop accepting Debit MasterCard Cards or Other MasterCard Cards by providing no less than 30 days advance written notice to its Acquirer.

## 5.10 Merchant Obligations for Acceptance

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### 5.10.1 Honor All Cards

In New Zealand, the Rule on this subject as it applies to MasterCard acceptance is replaced with the following:

1. **Honor All Debit MasterCard Cards.** Subject to Rule 5.9.1, "Discrimination," in this Asia/Pacific Region chapter, a Merchant that chooses to accept Debit MasterCard Cards must honor all valid Debit MasterCard Cards without discrimination when properly presented for payment. Merchants must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit MasterCard Card.
2. **Honor All Other MasterCard Cards.** Subject to Rule 5.9.1, "Discrimination," in this Asia/Pacific Region chapter, a Merchant that chooses to accept Other MasterCard Cards must honor all Other MasterCard Cards without discrimination when properly presented for payment.



A Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with Other MasterCard Cards.

### **5.10.2 Merchant Acceptance of MasterCard Cards**

In New Zealand, a Merchant that accepts MasterCard Cards may choose to accept Debit MasterCard Cards only, Other MasterCard Cards only, or both Debit MasterCard Cards and Other MasterCard Cards.

An Acquirer must advise the Corporation when a New Zealand Merchant chooses not to accept either Debit MasterCard Cards or Other MasterCard Cards. An Acquirer must provide a complete list of the BINs that apply to Debit MasterCard Cards to its Merchants upon any form of reasonable request.

### **5.10.5 Discounts or Other Benefits at the Point of Interaction**

A discount or other benefit may be applied by a Merchant at the POI upon presentation of a particular MasterCard Card for payment. Promotion of any such discount or other benefit at the POI is permitted provided such promotion does not result in discrimination against other MasterCard Card Programs. The determination of whether any promotion discriminates against other Card Programs is at the sole discretion of the Corporation.

## **5.11 Prohibited Practices**

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### **5.11.1 Discrimination**

In New Zealand, the Rule on this subject is modified as follows.

The Corporation will not consider steering at the point of sale by offering discounts, promotions, or financial incentives to encourage an alternate form of payment (including as between Cards and EFT POS cards, or cards from different schemes, or different types of Cards) of itself to constitute a breach of Rule 5.9.1, "Discrimination," or any other Rule. Further, the Corporation will not consider Merchant surcharging pursuant to Rule 5.9.2, "Charges to Cardholders," of the Additional U.S. Region and U.S. Territory Rules chapter to constitute a breach of Rule 5.9.1.

## **6.1 Card Issuance—General Requirements**

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In the Asia/Pacific Region, the Rule on this subject is modified as follows.

All newly issued or re-issued Cards with contact and/or contactless chip functionality must be EMV-compliant.

### **6.1.1 MasterCard Card Issuance**

In New Zealand, the Rule on this subject is modified as follows.

A Customer must use specific and unique bank identification numbers (BINs) for Debit MasterCard Cards.

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## 6.3 Limitation of Liability of MasterCard Cardholders for Unauthorized Use

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The following applies with respect to Asia/Pacific Region MasterCard Cardholders:

1. **Limitation on Amount.** Subject to laws of the country within which a Card is issued, the liability of a Cardholder for unauthorized use of a Card (regardless of the type of account to which Transactions initiated with such Card are posted):
  - a. shall not exceed USD 0 if the conditions set forth in paragraph 2 below have been met; or
  - b. shall be in accordance with the corresponding Cardholder agreement if the conditions set forth in paragraph 2 below have not been met.
2. **Conditions to USD 0 Liability.** The liability limitations set forth in clause (a) of paragraph 1, above, shall apply only if:
  - a. The Cardholder has exercised vigilant care in safeguarding such card from risk of loss, theft, or unauthorized use;
  - b. The Cardholder immediately and without delay notifies the Issuer upon discovery of the loss, theft, or unauthorized use;
  - c. The Cardholder has not reported two or more incidents of unauthorized use to the Issuer in the immediately preceding 12-month period;
  - d. The account to which Transactions initiated with such card are posted is in good standing; and
  - e. The Cardholder has complied with the terms and conditions of the corresponding Cardholder agreement.
3. **Effect of Other Applicable Law or Agreement.** If country, provincial, or local law, or an agreement between a Cardholder and the Issuer of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) imposes lesser liability than that provided in this Rule, the lesser liability shall govern.
4. **Unauthorized Use.** For purposes of this Rule, "unauthorized use" means the use of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) by a person other than the Cardholder who does not have actual, implied, or apparent authority for such use, and from which the Cardholder receives no benefit.
5. **Non-applicability.** This Rule shall not apply to Cards issued:
  - a. To an entity other than a natural person;
  - b. Primarily for business, commercial, or agricultural purposes; or
  - c. If a PIN is used as the Cardholder verification method for unauthorized Transactions.

## 8.3 Interchange and Service Fees

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In New Zealand, the Rule on this subject is modified as follows.

Intracountry MasterCard Transactions are excluded from the list of Transactions for which the Corporation may establish default interchange and service fees.

## 8.4 Establishment of Intracountry Interchange and Service Fees

---

Rule 8.4 of this Asia/Pacific Region chapter, as it applies to Intracountry MasterCard Transactions occurring within New Zealand is replaced in its entirety with the following:

The Corporation will establish and publish on its website containing content specific to New Zealand and in such other manner as the Corporation deems appropriate, maximum interchange fees for all Intracountry Transactions (herein, the “MasterCard maximum interchange fee”). Each Issuer and Acquirer may negotiate bilateral interchange fees (subject to any MasterCard maximum interchange fee) and each Issuer may determine interchange fees applicable to its Intracountry Transactions (subject to any bilateral agreements and subject to any MasterCard maximum interchange fee). An Issuer must ensure that with respect to each of its Intracountry Transactions, neither a negotiated bilateral interchange fee nor an interchange fee set by the Issuer results in an interchange amount with respect to that Intracountry Transaction that exceeds the interchange amount payable pursuant to the maximum interchange fee set by the Corporation.

An Issuer must promptly notify the Corporation of the interchange fees applicable to its Intracountry Transactions. Such fees must not exceed the maximum interchange fee set by the Corporation. If an Issuer does not provide the Corporation with an interchange fee that applies to each of its Intracountry Transactions, then the Corporation will process the Transaction on the basis of a zero interchange fee.

Each Issuer must publish the intracountry interchange fees notified to the Corporation on its website except for those interchange fees which are subject to a bilateral agreement. The Corporation either will publish on its website containing content specific to New Zealand the Issuer’s intracountry interchange fees (except for those interchange fees which are subject to a bilateral agreement) or will provide a link from its website to the relevant page of the Issuer’s website.

### 8.4.1 Default Intracountry Fees

In New Zealand, the Rule on this subject is modified to exclude default fees established for Intracountry MasterCard POS Transactions by the affirmative vote of Customers that hold a License for the country and represent at least 75 percent of the intracountry issuing Volume (excluding on-us Volume) and at least 75 percent of the intracountry acquiring Volume (excluding on-us volume) in the preceding calendar year. For the avoidance of doubt, the global Rule applies to Intracountry MasterCard Manual Cash Disbursement Transactions.

#### **8.4.2 Intraregional Fees**

In New Zealand, the Rule on this subject is modified to exclude intraregional or interregional fees from applying by default to Intracountry Transactions. For the avoidance of doubt, the global Rule applies to Intracountry MasterCard Manual Cash Disbursement Transactions.

#### **8.4.3 Bilateral Agreement**

In the Asia/Pacific Region, the Rule on this subject is modified as follows.

All interchange fees applicable to Intracountry Transactions contained in a bilateral agreement must not exceed the maximum interchange fee set by the Corporation (the “MasterCard maximum interchange fee”).

## Chapter 11 Canada Region

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## Applicability of Rules

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The Rules in this Canada Region chapter are variances and additions to the “global” Rules that apply in the Canada Region.

Rules 4.8, 4.9, 5.3.3, 5.8.1, 5.8.2, 6.1, 6.1.1, 6.1.2, and 6.4 in this chapter (herein, “Code of Conduct-related Rules”) apply solely to:

1. Cards (but not Access Devices) issued in the Canada Region and presented for payment in the Canada Region;
2. POS Transactions that take place in the Canada Region; and
3. Merchants and Acquirers of those POS Transactions.

Customers and Merchants must continue to comply with the global Rules with respect to Cards issued by Customers outside of the Canada Region and presented for payment at Merchant locations in the Canada Region, unless otherwise agreed by the Corporation.

Refer to Appendix A for the Canada Region geographic listing.

## Definitions

---

Solely for purposes of the Canada Region Code of Conduct-related Rules, the following terms have the meanings set forth below:

### **Debit MasterCard Card, Debit Card**

Any MasterCard Card issued in the Region by a Region Customer that when presented for payment in Canada, accesses, debits, holds, or settles funds from a consumer’s demand deposit account.

### **Other MasterCard Card**

Any MasterCard Card issued in the Region by a Region Customer that is not defined as a Debit Card or Debit MasterCard Card.

### **Premium Card**

A Card that is issued in the Region by a Region Customer to a well-defined class of Cardholders in accordance with the Corporation’s requirements and specifications for same.

## 4.8 Use of Marks on Maestro and Cirrus Cards

---

In the Canada Region, the Rule on this subject is modified as follows.

When the Marks appear on a Maestro Card containing any other local/regional POS debit mark and/or local/international ATM mark, symbol, or logo (herein, “other POS debit and/or ATM marks”), no other POS debit and/or ATM marks may be, or appear to be, larger or more important than the Marks. To maintain visual parity, the Marks must be at least as prominent

as and at least the same size and the same color treatment as any other POS debit and/or ATM marks on the Card. When any other POS debit and/or ATM marks appear on a Maestro Card, those marks must appear on the same side of the Card as the Marks.

## 4.9 Use of Marks on MasterCard Cards

---

In the Canada Region, the Rule on this subject is modified as follows.

When the Marks appear on a Debit MasterCard Card that contains other acceptance marks, no other acceptance mark, symbol or logo may be or appear to be larger or more important than the Marks. To maintain visual parity, the Marks must be at least as prominent as and be at least the same size and color treatment as any other acceptance mark on the Card. When other acceptance marks appear on a Debit MasterCard Card, those marks must appear on the same side of the Card as the Marks.

## 5.3 Acquirer Obligations to Merchants

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### 5.3.3 Provide Information

For purposes of this Rule 5.3.3, the following terms have the meanings set forth below:

#### **Service Provider Agreement**

An agreement where a Service Provider provides the tools or services required to accept, transmit, or process payment transactions or to facilitate the electronic transfer of information and funds concluded with Merchants by the Service Provider.

#### **Multiple Service Provider Agreements**

Agreements where more than one Service Provider provides the tools or services required to accept, transmit, or process payment transactions or facilitate the electronic transfer of information and funds concluded with merchants by one or more Service Providers.

A Canada Region Acquirer must comply with all of the following requirements:

1. **Notice of Fees.** An Acquirer must provide a minimum of 90 days' notice to Merchants of any fee increases, or the introduction of a new fee related to any Card or Transaction. A Merchant may opt out of its Merchant Agreement and any Service Provider Agreement entered into with a Service Provider with a business connection to that Acquirer, without penalty by the Acquirer or by any such Service Provider with respect to the termination of services performed in accordance with the terms of the Merchant Agreement or the Service Provider Agreement, within 90 days of receiving notice of the fee increase or introduction of a new fee. A Merchant may not opt out of the Merchant Agreement or the Service Provider Agreement if the fee increase is made in accordance with a pre-determined fee schedule, provided such fee schedule is included in the Merchant Agreement or the Service Provider Agreement.

If a Merchant decides to opt out of its Merchant Agreement or any Service Provider Agreement as described above, the Acquirer must ensure that no Service Provider charges a penalty fee to the Merchant in connection with the termination of services performed by the Service Provider in accordance with the terms of the Merchant Agreement or the Service Provider Agreement. This requirement does not apply in a situation where a Merchant, on its own initiative, enters into separate contractual arrangements with unrelated third parties. In such situations, each contract with any such third party should be treated as separate agreement.

For purposes of this Rule, a business connection will be found where a contractual arrangement exists between the parties or a business linkage (for example, a holding company or affiliate relationship) exists, or where financial incentives and/or payments can be confirmed by the Corporation, Acquirers, and Service Providers.

2. **Consent to Accept Cards.** An Acquirer must obtain the Merchant's express consent each time a Card with new Marks, or a Card with Marks not previously accepted by the Merchant, will be accepted by the Merchant.
3. **Detailed Monthly Statements.** An Acquirer must provide monthly statements to Merchants that include a sufficient level of detail and are easily understood. Merchant statements must include:
  - a. The discount rate for each Card associated with a unique interchange program;
  - b. Interchange rates, and if applicable, all other rates charged to the Merchant by the Acquirer;
  - c. The number and volume of Transactions associated with a unique interchange program;
  - d. The total amount of fees applicable to each rate; and
  - e. Details of each fee that relates to the Corporation.
4. **Multiple Service Provider Agreements.** An Acquirer must ensure that with respect to a circumstance in which Multiple Service Provider Agreements are employed in connection with the performance of a Program Service, the following information is provided:
  - a. The name, coordinates, contact information of each Service Provider and the nature of the services being provided by each;
  - b. The date on which such Program Services will commence;
  - c. The date on which such Program Services will end or clear disclosure that the services will automatically renew if not cancelled as of a specific date, as applicable;
  - d. Detailed information on any applicable fees and rates;
  - e. Information on how statements will be provided to the Merchant (for example, on paper or online);
  - f. The cancellation terms of the Program Services being provided, including specific information on any cancellation fees that could apply;
  - g. If point-of-sale services are offered to a Merchant, general information on buying, leasing or renting options of POS Terminals and other hardware and services;
  - h. A customer service phone number or other contact information for each Service Provider by which the Merchant may address any complaints regarding the Program Service provided.



Sales or business practices inconsistent with the requirement to provide clear and simple disclosure to Merchants or that may be misleading to Merchants, in accordance with Element 1 of the Code of Conduct, will not be permitted and will be addressed in an appropriate and timely fashion. These practices may include, but are not limited to:

1. Failing to provide Merchants with complete copies of the agreed upon Merchant Agreement or Service Provider Agreement or terms incorporated therein by reference in a timely manner (for example, not providing a copy of applicable transaction and processing fees and rates at the time the merchant enters into the agreement);
2. Unilaterally altering or modifying a Merchant Agreement or Service Provider Agreement governing payment card transaction processing without providing advance notice (for example, 30 days or more before the changes);
3. Sales representatives advertising and promising rates and fees that Acquirers or Service Providers are not able to honor;
4. Inconsistencies between the information disclosed in the Merchant Agreement or Service Provider Agreements and the Merchant's monthly statements (that is, different terminology used to describe fees and rates or different fees/rates in agreement and statements), and
5. Misrepresenting contractual terms.

### 5.3.4 Merchant Deposit Account

The Acquirer of a Canada Region Merchant must have a deposit account for the Merchant and must deposit the proceeds of MasterCard POS Transactions submitted by the Merchant into the Merchant's deposit account.

## 5.10 Merchant Obligations for Acceptance

---

### 5.10.1 Honor All Cards

In the Canada Region, the Rule on this subject as it applies to MasterCard Card acceptance is replaced with the following:

1. **Honor All Debit MasterCard Cards.** A Merchant that chooses to accept Debit MasterCard Cards must honor all valid Debit MasterCard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit MasterCard Card.
2. **Honor All Other MasterCard Cards.** A Merchant that chooses to accept Other MasterCard Cards must honor all Other MasterCard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with an Other MasterCard Card.

### 5.10.5 Discounts or Other Benefits at the Point of Interaction

The use of a MasterCard Card issued pursuant to an Affinity or Co-Brand Card Program to activate a discount or other benefit at the POI that is not available on similar purchases with

the use of any other MasterCard Card is permitted for Intraregional Transactions effected in the Canada Region. The determination of whether any such discount or other POI benefit practice complies with the Standards is at the sole discretion of the Corporation.

## 5.11 Prohibited Practices

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### 5.11.2 Charges to Cardholders

In the Canada Region, the Rule on this subject is modified as follows.

In addition to a discount for cash, a Merchant may provide a discount to its customers for other forms of payment, including differential discounts for other payment brands. Such discounts must be clearly communicated at the Point of Interaction.

## 6.1 Card Issuance—General Requirements

---

In the Canada Region, the Rule on this subject is modified as follows.

Premium Cards may only be provided to a well-defined class of Cardholders, based on individual spending and/or income thresholds. An Issuer may only provide a Premium Card to a person that has applied for or consented to receiving a Premium Card.

### 6.1.1 MasterCard Card Issuance

In the Canada Region, the Rule on this subject is modified as follows.

1. An Issuer must not issue a MasterCard Card that provides access to a Debit Card Account and an Other MasterCard Card Account on the same Card. A MasterCard Card may be either a Debit Card or an Other MasterCard Card, but must not be both a Debit Card and an Other MasterCard Card.
2. An Issuer must ensure that each contactless-enabled MasterCard Card and Access Device newly issued or re-issued on or after 18 October 2013 is personalized with the appropriate device type value.
3. An Issuer must properly personalize the chip of all Debit MasterCard Cards and prepaid MasterCard Cards newly issued or re-issued on or after 17 October 2014 to support the purchase with cash back Transaction.

### 6.1.2 Maestro Card Issuance

In the Canada Region, the Rule on this subject is modified as follows.

When an Issuer issues a Maestro Card that contains the Maestro Brand Mark and any other POS debit mark, the Issuer must not prioritize Maestro on the Financial Institution Table (FIT).

## 6.3 Limitation of Liability of Cardholders for Unauthorized Use

---

The following applies with respect to Canada Region MasterCard Cardholders:

1. **Limitation on amount.** The liability of a Cardholder for unauthorized use of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) shall not exceed:
  - a. CAD 0 if the conditions set forth in paragraph 2, below, have been met, or
  - b. If the conditions set forth in paragraph 2 have not been met, the lesser of CAD 50 or the amount of money, property, labor, or services obtained by the unauthorized use before notification to the Issuer.
2. **Conditions to CAD 0 liability.** The liability limitations set forth in clause (i) of paragraph 1, above, shall apply only if:
  - a. The Cardholder has exercised reasonable care in safeguarding such Card and Personal Identification Number (PIN) from risk of loss or theft;
  - b. The Cardholder has not reported two or more incidents of unauthorized use to the Issuer in the immediately preceding 12-month period; and
  - c. The account to which Transactions initiated with such Card are posted is in good standing.
3. **Effect of other applicable law agreement.** If federal, provincial or local law, or an agreement between a Cardholder and the Issuer of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) imposes lesser liability than that provided in this Rule, the lesser liability shall govern.
4. **Unauthorized use.** For purposes of this Rule, “unauthorized use” means the use of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) by a person other than the Cardholder who does not have actual, implied, or apparent authority for such use, and from which the Cardholder receives no benefit.
5. **Nonapplicability.** This Rule shall not apply to Cards issued:
  - a. To an entity other than a natural person; or
  - b. Primarily for business, commercial, or agricultural purposes; or
  - c. To any Card issued or sold to a person until such time as that person’s identity is registered by or on behalf of the Issuer in connection with the issuance and/or use of such Card, which registration may include appropriate customer identification program requirements.

## 6.4 Selective Authorization

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In the Canada Region, the Rule on this subject is modified as follows.

For the purpose of effecting a Transaction, an Issuer must not place competing domestic applications of other payment card networks on a Debit MasterCard Card or a Maestro Card.

An issuer may place complementary domestic applications on a Debit MasterCard Card or a Maestro Card.

## **7.2 The Program and Performance of Program Service**

---

In the Canada Region, the Rule on this subject is modified as follows.

A Canada Region Customer that performs services to effect the payment of an outstanding balance on a MasterCard Account issued by another Canada Region Customer for or on behalf of such Customer's Cardholder is deemed not to be a Service Provider of such Customer.

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## Applicability of Rules

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The Rules in this Europe Region chapter are variances and additions to the “global” Rules that apply in the Europe Region or in a particular country or countries.

Rules 5.8.1, 5.8.2, and 6.1.1 apply to:

1. Debit MasterCard Cards issued in a Debit MasterCard Country and presented for payment in the Europe Region;
2. Debit MasterCard POS Transactions that take place in the Europe Region; and
3. Merchants and Acquirers of those Transactions.

The rules set forth in Part A of the *UK Domestic Rules* manual also apply to Transactions effected with a Debit MasterCard Card that take place wholly within the United Kingdom.

Customers and Merchants that accept Debit MasterCard Cards must continue to comply with the global Rules with respect to all MasterCard Cards issued by Customers outside of the Europe Region and presented for payment at Merchant locations in the Europe Region, unless otherwise agreed by the Corporation.

Refer to Appendix A for the Europe Region, Non-Single European Payments Area (Non-SEPA) and Single European Payments Area (SEPA) geographic listings.

## Definitions

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Solely within the Europe Region, the following terms have the meanings set forth below:

### **Commercial Card**

In the EEA, a Card issued to an undertaking or public sector entity or one of its employees and that is intended for use in connection with business expenses made by that undertaking or public sector entity or by its employee, or a Card issued to a self-employed natural person engaged in a business activity and that is intended for use for business expenses. MasterCard Cards and Maestro Cards fitting the above definition that are in issuance in the EEA must be identifiable as Commercial Cards.

### **Consumer Card**

In the EEA, a Card issued to a natural person that is not used primarily for business expenses.

### **Credit Card**

In the EEA, a Consumer Card that allows the Cardholder to make purchases with a certain credit amount, which can be settled in full by the end of a specified period (which typically is interest-free) or can be settled in part, with the remaining balance being taken as credit and charged with interest. A Credit Card may be linked to a current account at a deposit-taking institution or to an account that has been set up specifically for the use of the Credit Card. Credit Cards include charge (or delayed debit) Cards. A charge (or delayed debit) Card is a Card that allows the Cardholder to make purchases but does not offer credit, the amount of

the debit having to be settled in full only after a specified period (which typically is interest-free). A charge (or delayed debit) Card may be linked to a current account at a deposit-taking institution or to an account that has been set up specifically for the use of then charge (or delayed debit) Card.

### **Debit Card**

In the EEA, a Consumer Card that allows a Cardholder to charge purchases directly to a current account at a deposit-taking institution. The Debit Card serves as a device to access funds stored in a current account. A Debit Card Transaction is always directly charged to a current account, i.e., no later than two business days after the clearing of the Transaction, whereas a Credit (or charge or delayed debit) Card Transaction may be settled by the end of a specified period or charged to a current account more than two business days after the clearing of that Transaction. MasterCard Cards and Maestro Cards fitting the above definition that are in issuance in the EEA must be identifiable as Debit Cards.

### **Debit MasterCard Card**

If issued in the EEA, a MasterCard-branded Debit Card or Commercial Card, as “Debit Card” and “Commercial Card” are defined in this section. In all Europe Region countries, a MasterCard Card offering credit facilities for which the Cardholder has to enter into a written credit agreement with the Card issuing institution that would qualify as consumer credit under the applicable legislation governing consumer credit is not covered by this definition of Debit MasterCard Card. Overdraft facilities may be provided on an Account to which a Debit MasterCard Card is linked.

### **Debit MasterCard Country**

A country designated by the Corporation, in its sole discretion, as a participant in the Intracountry Debit MasterCard Program. The following countries are Debit MasterCard Countries: Albania, Austria, Azerbaijan, Bosnia, Bulgaria, Czech Republic, Croatia, Denmark, Estonia, Finland, Georgia, Germany, Greece, Iceland, Ireland, Italy, Kazakhstan, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Norway, Poland, Serbia, Slovakia, Slovenia, Sweden, Tajikistan, Turkey, Ukraine, and United Kingdom.

### **European Economic Area (EEA)**

The following countries, islands, and territories: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom, Canary Islands, Ceuta, Melilla, Azores, Madeira, Aland Islands, Jan Mayen, Gibraltar, French Guiana, Guadeloupe, Martinique, Réunion, Saint Martin (French Part), and Mayotte.

For the sake of clarity, the EEA does not include: Andorra, Monaco, San Marino, Switzerland, Vatican City, Antarctica, Greenland, Faroe Islands, Akrotiri and Dhekelia, Saint Pierre and Miquelon, Saint Barthélemy, Saint Martin (Dutch Part), Svalbard, Falkland Islands, Channel Islands, Isle of Man, Pitcairn, Henderson, Ducie and Oeno Islands, Saint Helena, Ascension and Tristan da Cunha, South Georgia, and the South Sandwich Islands.

### **Intra-European Transaction**



A Transaction completed using a Card issued in a country or territory listed in A.3 Europe Region at a Terminal located in a country or territory listed in A.3 Europe Region. Effective 1 July 2015, this term will be updated as shown below.

#### **Intra-SEPA Transaction**

A Transaction completed using a Card issued in a country or territory listed in Single European Payments Area (SEPA) at a Terminal located in a country or territory listed in Single European Payments Area (SEPA).

#### **SEPA Cards Framework (SCF)**

The SEPA Cards Framework as published by the European Payments Council, as it may be amended from time to time.

#### **UK SFD Regulations**

The UK Financial Markets and Insolvency (Settlement Finality) Regulations 1999.

#### **Definitions Effective as of 1 July 2015**

Effective for Transactions processed on or after 1 July 2015, the following terms apply in addition to or instead of the above terms, as applicable:

#### **Inter-European Transaction**

A Transaction completed using a Card issued in a country or territory listed in Single European Payments Area (SEPA) at a Terminal located in a country or territory listed in Non-Single European Payments Area (Non-SEPA) or Transaction completed using a Card issued in a country or territory listed in Non-Single European Payments Area (Non-SEPA) at a Terminal located in a country or territory listed in Single European Payments Area (SEPA).

#### **Interregional Transaction**

In the Europe Region, the term Interregional Transaction includes Inter-European Transactions.

#### **Intra-European Transaction**

An Intra-Non-SEPA Transaction or an Intra-SEPA Transaction, but not an Inter-European Transaction.

#### **Intra-Non-SEPA Transaction**

A Transaction completed using a Card issued in a country or territory listed in Non-Single European Payments Area (Non-SEPA) at a Terminal located in a country or territory listed in Non-Single European Payments Area (Non-SEPA).

#### **Intraregional Transaction**

This term is replaced by "Intra-European Transaction" in the Europe Region.

## 1.6 The License

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A License will cover both issuing and acquiring, unless the applicant or Customer wishes to receive a License for issuing only or acquiring only.

### 1.6.1 SEPA Licensing Program

An applicant or a Customer with a License for a SEPA country may participate in the SEPA licensing program.

A Customer may participate in the SEPA licensing program as a Principal, Association, or Affiliate. A Principal or Association participating in the SEPA licensing program may Sponsor Affiliates in one or more SEPA countries. An Affiliate may be sponsored by different Sponsors in different countries.

The Customer must undergo additional reviews (for example, risk management and AML compliance) before each additional License is approved. The Customer must meet any applicable legal or regulatory requirements in each country in which it intends to undertake Activities.

Each Sponsoring Customer is assigned a separate ICA for each SEPA country in which it is active, must use that ICA only for its Activity in that country, and must not undertake Activity in that country before the relevant ICA has been implemented.

The Sponsoring Customer is assigned a separate BIN or BIN range for each SEPA country in which it is active, must use that BIN or BIN range only for its Activity in that country, and must not undertake Activity in the country before the relevant BIN or BIN range has been implemented. Different ranges within a BIN may be linked to ICAs assigned for different SEPA countries.

With regard to Intracountry Transactions, a Customer participating in the SEPA licensing program must comply with the applicable intracountry rules and fees.

## 1.7 Area of Use of the License

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In the Europe Region, the Rule on this subject is modified as follows.

In the EEA, the License covers the entire EEA as the Area of Use.

A separate ICA is required for ATM acquiring in each EEA country. A single ICA may be used for Merchant acquiring in one or more EEA countries. A separate ICA and BIN or BIN range is required for issuance in each EEA country.

Different ranges within a BIN assigned to an Issuer may be linked to ICAs assigned to that same Issuer for different countries. A Customer is not required to have a physical establishment in the Area of Use.

## 1.7.2 Extension of Area of Use Exceptions

A Customer with a License for the EEA is not required to apply for an extension of Area of Use in order to undertake Activity in an additional country within the EEA.

Paragraph 8, part (a) of the Rule on this subject is modified with respect to Merchants located and acquired in the Europe Region as follows.

The ICA number under which e-commerce Transactions are acquired must reflect either the country in which the Merchant is located or another country in the Europe Region.

## 1.7.3 Central Acquiring

In the Europe Region, Rule 1.7.3 replaces Rule 1.7.2, paragraphs 5, 6, 7, and 8.

A Customer that complies with this Rule 1.7.3, may acquire Transactions from a Europe Region Merchant located outside of its Area of Use, with the exception of Merchants located in the Russian Federation, where central acquiring is not permitted effective for Transactions occurring on or after 1 July 2015.

### 1.7.3.1 Central Acquiring Registration

A Customer must have completed the central acquiring registration process before it centrally acquires. The central acquiring registration letter specifies the countries in which a Customer may centrally acquire intra-European and, effective 1 July 2015, inter-European Transactions from a Merchant.

In order to be registered for central acquiring, the Customer must meet the central Acquirer criteria set forth in Rule 1.7.3.2.

### 1.7.3.2 Central Acquirer Service Requirements

The Customer must authorize, clear and settle centrally acquired Transactions in a manner that does not disadvantage the Cardholder, the Merchant, or the Issuer involved in the Transaction in comparison with non-centrally acquired Transactions.

### 1.7.3.3 Intracountry Rules

A central Acquirer must comply with the intracountry rules of each country in which Transactions are centrally acquired.

### 1.7.3.4 Centrally Acquired Merchants

An Acquirer may centrally acquire Transactions from **any Merchant** located in any one of the following **Western or Central European Areas of Use**: EEA, Andorra, Channel Islands, Isle of Man, Monaco, San Marino, Switzerland, Turkey, Vatican City.

In **all other Europe Region countries**, excluding the Russian Federation, effective for Transactions occurring on or after 1 July 2015, an Acquirer may only centrally acquire Transactions of a Merchant that operates in more than two Europe Region countries. However, an Acquirer may centrally acquire e-commerce Transactions from an e-commerce Merchant operating in only one Europe Region country pursuant to its central acquiring authorization.

#### **1.7.3.5 Registration Procedure**

To register to centrally acquire Merchants located in the **Western and Central European Areas of Use** listed in Rule 1.7.3.4, the Customer must submit to the Corporation a single application form covering all such Western and Central European Areas of Use. The central acquiring registration letter will cover all such Western and Central European Areas of Use.

To register to centrally acquire Merchants located in other countries, the Customer must submit to the Corporation an application form for each Merchant and country where the Customer wishes to centrally acquire Transactions.

#### **1.7.3.6 Extension of Registration**

In the **Western and Central European Areas of Use** listed in Rule 1.7.3.4, a central Acquirer is not required to comply with any formal procedures in order to extend its central acquiring Activities in Western and Central Europe.

In **all other Europe Region countries**, excluding the Russian Federation, effective for Transactions occurring on or after 1 July 2015, a Customer that wishes to extend its central acquiring Activities to a new Merchant or country must follow the registration procedure set forth in Rule 1.7.3.5 above.

#### **1.7.3.7 Interchange Fee Requirements**

If a central Acquirer acquires an Intracountry Transaction, the following principles apply to the interchange fee:

1. The central Acquirer may agree upon bilateral interchange fees with the Issuer; and
2. Unless a bilateral agreement applicable to an Intracountry Transaction has been established between two Customers, then the interchange fees applicable to an Intracountry Transaction as set forth in Rule 8.4, will apply.

If a central Acquirer acquires a Non-Intracountry Transaction, the following principles apply to the interchange fee:

1. The central Acquirer may agree upon bilateral interchange fees with the Issuer; and
2. Unless a bilateral agreement applicable to a Non-Intracountry Transaction has been established between two Customers, the interchange fees applicable to a Non-Intracountry Transaction as set forth in Rule 8.3 will apply.

#### **1.7.3.8 Settlement of Disputes**

Any disputes relating to central acquiring will be resolved by the Corporation in accordance with the Standards.

#### **1.7.3.9 Customer Noncompliance**

The following are examples of violations of the central acquiring rules for which noncompliance assessments may be applied:

1. Engaging in central acquiring without first registering,
2. Engaging in central acquiring in non-notified countries or of non-notified Merchants (not applicable for Western and Central European countries).

3. Failure to comply with intracountry rules (including application of incorrect interchange fees) resulting in financial loss to another party.
4. Incorrect data in Transaction messages (including incorrect country code) resulting in financial loss to another party.

## 1.13 Termination of License

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### 1.13.2 Termination by the Corporation

Paragraph 4 of the Rule on this subject does not apply in the Europe Region.

## 2.1 Standards

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### 2.1.8 Rules Applicable to Intracountry Transactions

The Corporation may establish Rules for Intracountry Transactions. The Corporation will inform Customers of all Rules it establishes.

If Rules for Intracountry Transactions are not established by the Corporation, the following two options apply as regards establishment of the rules to be applied to Intracountry Transactions. Customers may change from one option to another upon notice in writing to the Corporation, and fulfillment of any requirements associated with the new option.

**NOTE: This Rule 2.1.8 does not apply to the establishment of intracountry interchange and service fees. Refer to Rule 8.4, "Establishment of Intracountry Interchange and Service Fees" for more information.**

#### **Global Rules (including Europe Region Rules)**

Customers may apply the Rules (including the Europe Region Rules) to Intracountry Transactions. If the other option does not apply, then this option applies by default.

#### **Intracountry Fallback Rules (75 percent Rule)**

If permitted by local law, Customers holding Licenses for the country (including SEPA Licenses) and representing, during the year preceding the agreement, at least 75 percent of each of the Card issuing and acquiring intracountry Volumes (excluding on-us Volumes), have the power to agree on fallback Rules applicable to all Intracountry Transactions, including those acquired by Customers outside the country. Intracountry fallback rules must be agreed by at least two Issuers and at least two Acquirers Licensed to engage in Activity in the country.

The percentage is calculated separately for each Card product, as determined by the Card product identifier and functionality (for example, POS vs. Manual Cash Disbursement or ATM Transaction).

Intracountry fallback rules remain in effect until changed or challenged. If intracountry fallback rules are challenged because the Customers agreeing to them no longer meet the 75 percent threshold, the Rules (including the Europe Region Rules) will apply in their place, as from the

date when the Corporation has determined that the 75 percent threshold is no longer met. Intracountry fallback rules must be non-discriminatory, justifiable and not in conflict with the Rules (including the Europe Region Rules and any Rules established by the Corporation for Intracountry Transactions). Intracountry fallback Rules must not discriminate against Cardholders (including international Cardholders) or jeopardize the integrity of the MasterCard system.

#### **2.1.8.1 Order of Precedence**

For any Intracountry Transaction, the intracountry Rules established by the Corporation apply, or if none, the intracountry fallback rules established by Customers pursuant to the preceding Rule apply, or if none, the intraregional Rules apply, or if none, the interregional Rules apply.

Effective for Transactions processed on or after 1 July 2015, the following applies:

For any Intracountry Transaction in a Non-SEPA country, the intracountry Rules established by the Corporation apply, or if none, the intracountry fallback rules established by Customers pursuant to the preceding Rule apply, or if none, the Rules applicable to Intra-Non-SEPA Transactions apply, or if none, the Rules applicable to Inter-European Transactions apply, or if none, the interregional Rules apply.

#### **2.1.9 Communication of Intracountry Fallback Rules**

Europe Region Customers that agree to intracountry fallback rules must provide the Corporation with a copy of such rules as well as with any subsequent changes to those rules. The Corporation must be notified of intracountry fallback rules well in advance of their effective dates, unless exceptional circumstances make this impossible. Exceptional circumstances must be related to events beyond the control of the Customers, such as a change in laws or regulations, compliance with which requires immediate action.

Intracountry fallback rules that have not been provided to and acknowledged by the Corporation are not applicable.

The Corporation will endeavor to publish intracountry fallback rules and their revisions at least three calendar months prior to their effective dates. If exceptional circumstances apply, the period will not be less than one calendar month before the effective date. If necessary, the initially notified effective date will be delayed to respect these time frames.

## **2.4 Choice of Laws**

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In the Europe Region, the Rule on this subject is replaced in its entirety by the following:

Licenses are governed by and construed according to the applicable law mentioned in the particular License, without reference to conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction.

The courts mentioned in the particular License have exclusive jurisdiction for the resolution of any dispute relating to rights and obligations deriving from Licenses.

Licenses concluded after 1 January 2007 specify English law and courts.

The Standards are governed by and construed according to English law, without reference to conflict-of-laws or similar provisions that would mandate or permit the application of substantive law of any other jurisdiction. English courts have exclusive jurisdiction for the resolution of any dispute relating to the Standards between two Customers holding Licenses for countries in the Europe Region.

### **3.1 Obligation to Issue MasterCard Cards—EEA Only**

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The Rule on this subject does not apply in the EEA.

### **3.3 Transaction Requirements—SEPA Only**

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Paragraph 4 of the Rule on this subject does not apply to Cross-Border Transactions that are Intra-SEPA Transactions.

### **3.6 Non-discrimination—ATM and PIN-based In-Branch Terminal Transactions**

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In the Europe Region, the Rule on this subject is modified as follows.

An Acquirer must not discriminate against any Card, with regard to processing Transactions, including Cards issued by other Customers in the same country.

An Issuer must not discriminate against any ATM Terminal or PIN-based In-Branch Terminal with regard to processing and authorizing Transactions, including ATM Terminals and PIN-based In-Branch Terminals owned by other Customers within the same country.

### **3.13 Data Protection**

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In the Europe Region and solely for purposes of Rule 3.13, the following terms have the meanings set forth below:

#### **Controller**

The entity which alone or jointly with others determines the purposes and the means of the Processing of Personal Data.

#### **Data Subject**

A Cardholder or Merchant, or other natural or legal person (to the extent a legal person is subject to national data protection law) whose Personal Data are processed by the Corporation and a Customer in the EEA or Switzerland.

#### **EU Privacy Directive**

Collectively, Directive 95/46/EC of the European Parliament and the Council of 24 October 1995 concerning the protection of individuals with regard to the processing of Personal Data and the free movement of such data, and Directive 2002/58/EC of the European Parliament and the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector, as may be amended from time to time.

### **Personal Data**

Any information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his or her physical, physiological, mental, economic, cultural, or social identity.

### **Processor**

The entity which processes Personal Data on behalf of a Controller.

### **Processing of Personal Data**

Any operation or set of operations which is performed upon Personal Data, whether or not by automatic means, such as collection, recording, organization, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, blocking, erasure or destruction of such data.

### **Transaction-related Personal Data**

Personal Data required for authorizing, recording, settling and clearing a Transaction processed by the Corporation.

## **3.13.1 Processing of Transaction-Related Personal Data**

With regard to Transaction-related Personal Data, a Customer in the EEA or Switzerland must comply with the applicable national legislation implementing the EU Privacy Directive or any other applicable data protection law. A Customer is a Controller with regard to the Processing of Personal Data for the purposes of authorizing, recording, clearing and settling transactions, and the Corporation acts as a Processor for these purposes.

To the extent it acts as Processor, the Corporation will only undertake Processing of Personal Data in accordance with the Standards and will comply with security obligations equivalent to those imposed on the Customers as Controllers by Article 17 of the EU Privacy Directive 95/46, as implemented by national legislation.

## **3.13.2 Data Subject Notice and Consent**

A Customer in the EEA or Switzerland must ensure that Data Subjects are properly informed and, if necessary, have given proper consent in accordance with applicable laws and regulations that Personal Data relating to them may be used, disclosed or otherwise processed by the applicable Customer and the Corporation as set forth for the purposes provided for in Rule 3.10.

In accordance with applicable laws and regulations, a Customer in the EEA or Switzerland must ensure that Data Subjects are properly informed, at a minimum:



1. That Data Subjects have the right to (a) request access to and receive information about the Personal Data maintained by the applicable Customers, or the Corporation, (b) update and correct inaccuracies in the Personal Data, and (c) have the Personal Data blocked or deleted as appropriate;
2. That Data Subjects may withdraw any consent they previously provided to the applicable Customer or the Corporation or object at any time on legitimate grounds to the Processing of Personal Data;
3. About the choices and means that Data Subjects have for limiting the Processing of Personal Data by the Corporation;
4. That Personal Data may be processed outside the EEA or Switzerland; and
5. About the categories of recipients of Personal Data.

### **3.13.3 Data Subject Access to Personal Data**

In accordance with applicable laws and regulations, a Customer in the EEA or Switzerland must develop and implement appropriate procedures for handling requests by Data Subjects for access to, correction and/or deletion of Personal Data maintained by the applicable Customer or the Corporation. The Corporation will cooperate with a Customer in responding to such requests and will provide access to Personal Data maintained by the Corporation where appropriate.

If an access request is made directly to the Corporation, a Customer must cooperate with the Corporation in promptly responding to the request.

### **3.13.4 Integrity of Personal Data**

Each Customer in the EEA or Switzerland must take reasonable steps to ensure that Personal Data the Customer provides to the Corporation is accurate, complete and current.

## **4.1 Right to Use the Marks**

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### **4.1.1 Protection and Registration of the Marks**

In the Europe Region, the Rule on this subject is modified as follows.

MasterCard Europe sprl is the exclusive owner of the Eurocard and eurocheque marks. A Customer must not, either by act or omission, do anything inconsistent with the exclusive ownership of the Eurocard or eurocheque marks, or do anything that may harm the Eurocard or eurocheque marks.

A Customer must take such measures as the Corporation or other owner of a Mark may require to assist in any actions by the Corporation or other owner to register, perfect, maintain, or protect the Corporation's or other owner's rights to the Mark. The Customer may be required by the Corporation or other owner to litigate in the Customer's own name, on behalf of the owner of the Mark, if the owner is legally prevented from litigating in its own name. All activities relating to such assistance will be decided upon and be under the control of the Corporation or the other owner of the Mark. The owner will pay the Customer's reasonable out-of-pocket expenses related to these activities.

## 4.8 Use of Marks on Maestro and Cirrus Cards

---

In the Europe Region, the Rule on this subject is modified as follows.

1. The Maestro Brand Mark may co-reside on a MasterCard Card in the context of a Corporation-approved multi-Account Card Program.
2. The Maestro Brand Mark may co-reside on a Maestro Card with other payment scheme marks upon written agreement with the Corporation. If a Maestro Card bears multiple payment scheme marks in addition to the Marks, only one of the additional payment scheme marks may be placed on the Card front.
3. A Customer must not use the trademark or trade name of a competing international payment scheme on Maestro Cards or Cirrus Cards, unless it has received written permission from the Corporation to do so.
4. In the **EEA**, the Maestro Brand Mark may be placed on any type of card, including Credit Cards and Commercial Cards.
5. Within **SEPA**, only the marks of payment schemes that are SCF-compliant may co-reside on Maestro Cards or Cirrus Cards with the Marks.

## 4.9 Use of Marks on MasterCard Cards—SEPA Only

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Within SEPA, the Rule on this subject is modified as follows.

1. The Marks may co-reside on MasterCard Cards with other payment scheme marks upon written agreement with the Corporation. If Cards bear multiple payment scheme marks in addition to the Marks, only one of the additional payment scheme marks may be placed on the Card front.
2. Only the marks of payment schemes that are SCF-compliant may co-reside on Cards with the Marks.

## 5.1 The Merchant and ATM Owner Agreements

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### 5.1.2 Required Merchant Agreement Terms

In the Europe Region, the Rule on this subject is modified as follows.

Each Merchant Agreement with a Merchant located in the EEA must contain a term requiring the Merchant to respond to Cardholder disputes and handle chargebacks in accordance with the *Chargeback Guide*.

## 5.3 Acquirer Obligations to Merchants

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### 5.3.3 Provide Information—EEA Only

An Acquirer in the EEA:

1. Must inform existing and prospective Merchants that interchange fees and Rules set by the Corporation are available on the MasterCard public Internet site ([www.mastercard.com](http://www.mastercard.com));
2. Must inform existing and prospective Merchants that they may apply different surcharges to Credit Card Transactions, Commercial Card Transactions, Debit Card Transactions and Maestro Transactions, subject to compliance with applicable law;
3. Must inform existing and prospective Merchants that they are not obliged to accept (i) Maestro Cards as a condition of MasterCard Card acceptance, (ii) MasterCard Cards as a condition of Maestro Card acceptance, or (iii) the cards of any other network as a condition of MasterCard and/or Maestro Card acceptance;
4. Must not prohibit existing or prospective Merchants from entering into a merchant agreement with any other Acquirer with respect to Credit Card Transactions, Commercial Card Transactions, Debit Card Transactions, Maestro Transactions and/or the transactions of other card networks, unless the Merchant elects to enter into a Merchant agreement solely with the Acquirer;
5. Must provide to existing and prospective Merchants pricing information that specifies separately (including separately from that of any other card network) the financial terms to be applied to Credit Card Transactions, Commercial Card Transactions, Debit Card Transactions, and Maestro Transactions, unless the Merchant elects that the Acquirer shall not have to provide such separate pricing information; and
6. Must indicate on Merchant invoices the number of Transactions, Volume and total amount of the Merchant service charge separately (including separately from those of any other card network) for Credit Card Transactions, Commercial Card Transactions, Debit Card Transactions, and Maestro Transactions, unless the Merchant elects that the Acquirer shall not have to provide such separate invoice information.

## 5.10 Merchant Obligations for Acceptance

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### 5.10.1 Honor All Cards—Debit MasterCard Countries Only

In the Europe Region, the Rule on this subject, as it applies to Debit MasterCard Card acceptance, is modified as follows.

A Merchant in a Debit MasterCard Country that chooses to accept only Debit MasterCard Cards issued in the Europe Region must honor all valid Debit MasterCard Cards issued in the Europe Region without discrimination, when properly presented for payment.

## 5.10.2 Merchant Acceptance of MasterCard Cards

In the Europe Region, a Merchant that accepts MasterCard Cards must accept all types of MasterCard Cards (for example, MasterCard consumer Cards, MasterCard Corporate Card® Cards, World MasterCard™ Cards, Debit MasterCard Cards, etc.).

### 5.10.2.1 Acceptance in a Debit MasterCard Country

As an exception to Rule 5.8.2 above, a Merchant in a Debit MasterCard Country is permitted to choose to accept only Debit MasterCard Cards issued in the Europe Region or both Debit MasterCard Cards and other MasterCard Cards issued in the Europe Region. An Acquirer must inform existing and prospective merchants that they have this right.

A Merchant may choose to stop accepting other MasterCard Cards issued in the Europe Region by providing no less than 30 days advance written notice to its Acquirer. The Acquirer must identify to the Corporation any Merchant in a Debit MasterCard Country that chooses to accept Debit MasterCard Cards but not other MasterCard Cards issued in the Europe Region, and inform the Corporation of the reason for the Merchant's decision. Merchants may request signage for the purpose of indicating their acceptance of Debit MasterCard Cards at [www.mastercardweacceptdebit.com](http://www.mastercardweacceptdebit.com).

An Acquirer must provide a complete list of the BINs that apply to Debit MasterCard Cards to its Merchants upon any form of reasonable request.

## 5.10.5 Discounts or Other Benefits at the Point of Interaction

A discount or other benefit may be applied at a POI location in the Europe Region upon simple presentation of a particular MasterCard Card or Maestro Card for payment. The promotion at the POI of a discount or other benefit that may be accessed by any particular Card is prohibited.

## 5.11 Prohibited Practices

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### 5.11.1 Discrimination—SEPA Only

Within SEPA, the Rule on this subject is modified as follows.

A Customer must not, directly or indirectly, prevent or discriminate against the use of MasterCard, Maestro, or Cirrus as a brand for Intracountry Transactions or Intra-SEPA Transactions. By way of example but not limitation:

1. A single certification must be valid for both intracountry and intra-SEPA use of a MasterCard, Maestro, or Cirrus Payment Application at the Terminal;
2. The prevalence of any particular chip-based payment application at the Terminal or Acquirer host system level must not be mandated or implemented;
3. If a MasterCard, Maestro, or Cirrus Payment Application is supported by both the Card and the Terminal, its use must not be blocked or impaired by technical or other means;
4. If a MasterCard, Maestro, or Cirrus Payment Application is supported by both the Card and the Terminal, the Cardholder must be given the opportunity to complete the Transaction with such Payment Application, in an EMV environment and in all other cases

where the Terminal is technically capable of providing that choice to the Cardholder. In an EMV environment, if the Cardholder is not able to choose a payment application, the priority order defined by the Issuer in the chip must be respected.

5. Neither the Cardholder's chosen payment application nor the Issuer's priority order may be disregarded or overridden by technical or other means.

## 6.1 Card Issuance—General Requirements

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In the Europe Region, the Rule on this subject is modified as follows.

1. All Cards issued within SEPA must support both magnetic stripe and EMV chip technology, with the exception that non-reloadable prepaid Cards are not required to support EMV chip technology.
2. All Cards issued in Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova, Montenegro, or Serbia must support both magnetic stripe and EMV chip technology. As an exception to the preceding Rule, non-reloadable prepaid Cards are not required to support EMV chip technology.
3. An Issuer in Italy must technically support and must not automatically decline Contactless Transactions on new and replacement MasterCard and Maestro Cards and Access Devices issued on or after 1 January 2017, with the exception of non-reloadable prepaid and ATM-only Cards and Access Devices. An Issuer in Italy must properly personalize the chip on new and replacement MasterCard and Maestro Cards and Access Devices issued on or after 1 January 2017 (with the exception of non-reloadable prepaid Cards and Access Devices) to enable Contactless Transactions, including mandatory display of the EMVCo contactless indicator on the front of the Card or Access Device.
4. An Issuer in Italy must technically support and must not automatically decline Contactless Transactions on all MasterCard and Maestro Cards and Access Devices in circulation on or after 1 January 2022, with the exception of non-reloadable prepaid Cards and Access Devices. An Issuer must properly personalize the chip on all MasterCard and Maestro Cards and Access Devices in circulation on or after 1 January 2022 (with the exception of non-reloadable prepaid Cards and Access Devices) to enable Contactless Transactions, including mandatory display of the EMVCo contactless indicator on the front of the Card or Access Device.
5. As of 1 January 2015, the following requirements apply in Albania, Austria, Bosnia, Bulgaria, Croatia, Czech Republic, Hungary, Israel, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia:
  - a. An Issuer must technically support ATM Transactions on its Contactless Cards and Access Devices. The Issuer must make individual authorization decisions and must not automatically decline ATM Transactions on its Contactless Cards and Access Devices.
  - b. An Issuer must properly personalize the chip on its Contactless Cards and Access Devices that provide ATM access to enable contactless ATM Transactions.

### 6.1.1 MasterCard Card Issuance

In the Europe Region, the Rule on this subject is modified as follows.

An Issuer must use specific and unique bank identification numbers (BINs) for Debit MasterCard Cards.

### 6.1.2 Maestro Card Issuance

In the Europe Region, the Rule on this subject is modified as follows.

A Chip Card must support online PIN verification as the CVM for Maestro Contactless Transactions that exceed the applicable Contactless Transaction CVM limit amount if online PIN is on the Card's CVM list for Contact Chip Transactions.

In the EEA, the Issuer is not required to maintain the funds in the Maestro Account, but must maintain the information necessary to process Transactions initiated by the Cardholder.

#### 6.1.2.1 Eligible Accounts—Maestro

In the Europe Region, the Rule on this subject is replaced with the following:

Except in the EEA, a Maestro Card must be linked to a sight deposit account or to a pooled account (linked to a Corporation-approved prepaid Card Program). A Maestro Card may also be linked to a MasterCard credit Account in the context of a Corporation-approved multi-Account Card Program, if the account accessed via the Marks fulfills the requirement in the preceding sentence.

In the EEA, Cards bearing the Marks may be linked to any type of account (e.g., credit, debit, etc.).

## 6.2 Issuer Responsibilities to Cardholders

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In the Europe Region, the Rule on this subject is replaced with the following:

An Issuer must provide the following information to each of its Cardholders:

1. Before the Card is used, the Issuer must inform the Cardholder that the Card may be used wherever the Marks are displayed, and:
  - a. The price of the Card;
  - b. Specific charges, if any, to be paid to the Issuer for services provided through the Card or auxiliary charges applicable to the account, including but not limited to any Account access fees, cash advance fees, ATM usage fees, late payment fees, and interest rates to be applied;
  - c. The basis for calculation of the exchange rate;
  - d. Notice that exchange rates can fluctuate and that they may change between the time when the Transaction is made and the time when it is billed to the Cardholder's Account;

- 
- e. The Cardholder's liability, including the cost, if the Card is lost or stolen. This information must be stated clearly in the body of the product literature. The Cardholder must also be told what to do if the Card is lost or stolen;
  - f. The standard limit, if any, up to which the Cardholder can use the Card;
  - g. When the Transaction is likely to be billed to the Cardholder's Account; and
  - h. Information required to be provided by Rule 3.13.2 of this chapter.
2. At the time of billing the Transaction, as applicable, the following information must be provided to the Cardholder:
- a. Transaction type (for example, ATM cash withdrawal, cash advance) and location (if technically feasible);
  - b. Amount in Transaction currency;
  - c. Amount in billing currency;
  - d. Exchange rate applied;
  - e. Total commission applied (if applicable);
  - f. Interest rate applied (if applicable).

### 6.3 Limitation of Liability of Cardholders for Unauthorized Use—EEA Only

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This Rule applies with respect to MasterCard, Maestro, and Cirrus Cards issued in EEA countries. Cards issued to an entity other than a natural person are excluded, unless otherwise provided by applicable law or the Cardholder agreement.

With respect to Cards issued in countries other than EEA countries, this Rule is a recommendation rather than a mandate.

For transactions that have not been authorized by the Cardholder (for example, fraudulent Transactions), the Cardholder's liability is **zero**, except as set forth below.

**Lost and Stolen Fraud.** In the case of fraudulent Transactions resulting from loss or theft of the Card, the Cardholder's liability is limited to a maximum of **EUR 150**, or to a lesser amount if so specified in applicable law or in the Cardholder agreement, for unauthorized use of the Card occurring **before** notification by the Cardholder of the loss or theft. If the Cardholder has acted fraudulently or with intentional or gross negligence, or has delayed in notifying the Issuer or the entity specified by the Issuer of the loss or theft, the Cardholder's liability for fraudulent Transactions resulting from loss or theft of the Card, and occurring prior to notification, is not limited.

The Cardholder's liability for fraudulent Transactions resulting from loss or theft of the Card is **zero** as from the time when the Cardholder has notified the Issuer or the entity specified by the Issuer of the loss or theft, or if the Issuer fails to provide means for the notification at all times of loss or theft. If the Cardholder has acted fraudulently, zero liability does not apply.

Upon the Cardholder's request, the Issuer must provide proof to the Cardholder of the notification of loss or theft of the Card during a period of 18 months after notification.

**NOTE: A Rule modification applicable in the United Kingdom appears in Chapter 2 of the *UK Domestic Rules* manual.**

## 6.4 Selective Authorization

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In the Europe Region, the Rule on this subject is modified as follows.

An Issuer may geographically restrict Maestro Card usage for a particular Maestro Card Portfolio as a fraud prevention measure, subject to the following requirements:

1. The geographic area in which the Card may be used must be clearly identifiable, for example domestic-only or Europe-only. For Cards issued in SEPA countries, a domestic-only restriction is not permitted.
2. The Issuer must use an Account range for the issuance of geographically restricted Cards that is separate from any Account range used for the issuance of unrestricted Cards, unless otherwise agreed with the Corporation.
3. The geographic restriction must be clearly printed on the Card front, for example “Valid only in Europe”.
4. The Card design of geographically restricted Cards must be approved separately by the Corporation.
5. The Issuer must inform the Cardholder clearly in writing of the geographic scope of the Card and of any change in scope.
6. The Issuer must communicate the option of receiving a Card with no geographic restriction to all of its Cardholders and provide such a Card to any Cardholder who requests one.
7. The Issuer must obtain the Corporation’s prior written approval of all Cardholder Communications.

## 6.5 Special Issuer Programs—General Requirements

---

In the Europe Region, the Rule on this subject is modified as follows.

If a proposed A/CB Program will involve the addition of the Maestro and/or Cirrus Marks to cards carrying the logo of a domestic/local acceptance scheme in which the cards currently participate, the Corporation will approve the Program only if such scheme has already given its approval.

The Corporation reserves the right to require any Customer to submit all contracts with an A/CB Card Program Partner or any other documentation regarding an A/CB Card Program for purposes of determining compliance with the Standards.



## 6.11 Prepaid Card Programs

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### 6.11.10 Simplified Due Diligence Guidelines

Refer to the *Guidelines for the European Prepaid Simplified Due Diligence Cardholder Identification Program* available on MasterCard Connect™ for additional information on simplified due diligence.

## 6.12 Maestro Chip-only Card Programs

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In the Europe Region, an Issuer may issue “Maestro Chip-only Cards,” defined herein as Maestro Chip Cards for which the presence of a magnetic stripe is optional, or if the Card has a magnetic stripe, the presence of the Maestro Payment Application on the magnetic stripe is optional, subject to the following conditions:

1. The Corporation must approve, in writing and in advance of Program launch, any Maestro Chip-only Card Program.
2. The Corporation must approve separately each Card design to be used in connection with a Maestro Chip-only Card Program.
3. The Account range used for a Maestro Chip-only Card Program must be separate from any Account range used for the issuance of other Maestro Cards, unless otherwise agreed with the Corporation.
4. The PAN on Maestro Chip-only Cards must not be embossed.
5. In a Card-present environment, the Issuer must authorize solely Chip Transactions on a Maestro Chip-only Card. If the Card has a magnetic stripe containing the Maestro Payment Application, the Issuer must decline all magnetic stripe Transactions on the Card.
6. The geographic scope of acceptance of a Maestro Chip-only Card Program must be limited to the Europe Region. The geographic restriction must be clearly printed on the Card front, for example “Valid only in Europe”.
7. The Issuer must inform the Cardholder clearly in writing of the limitations on acceptance of the Card.
8. The Issuer must communicate the option of receiving an unrestricted Maestro Card to all Maestro Chip-only Card Program Cardholders and provide such a Card to any Cardholder who requests one.
9. The Issuer must submit and obtain the Corporation’s prior written approval of all Cardholder Communications.

## 7.1 Service Provider Categories

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### 7.1.4 Digital Wallet Operator

#### 7.1.4.2 Staged Digital Wallet Operator Requirements

In the Europe Region, the Rule on this subject is modified as follows. If a Staged DWO or a retailer receiving payment by means of a Staged DWO payment account is located in a country for which the Acquirer has central acquiring authorization, the Acquirer is not required to also obtain a License or an extension of its Area of Use covering the same country.

If a Staged DWO or retailer receiving payment by means of a Staged DWO payment account is located in a country that is not one of the Western or Central European countries listed in Rule 1.7.2.4, the central acquiring authorization must specifically mention the Staged DWO and/or retailer receiving payment by means of a Staged DWO payment account.

## 7.6 Acquiring Programs

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### 7.6.5.1 Responsibility for Payment Facilitator and Submerchant Activity

In the Europe Region, the Rule on this subject is modified as follows.

If a Submerchant is located in a country for which the Acquirer has central acquiring authorization in accordance with Rule 1.7.3, the Acquirer is not required to also obtain a License or an extension of its Area of Use covering the same country. If a Submerchant is located in a country that is not one of the Western or Central European countries listed in Rule 1.7.3.4, the central acquiring authorization must specifically mention the Submerchant.

## 8.2 Net Settlement

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### 8.2.3 Settlement Finality

The Corporation determines the net obligations of the participants in its payment system under its Rules and operating procedures. Customers' net obligations are calculated by the Corporation's proprietary small value clearing systems and are based upon accepted financial messages submitted by the participants to the Interchange System. Financial messages are considered irrevocable, by Customers, upon completion of the clearing system cutoff. However, in accordance with the Rules and operating procedures, Customers may submit a separate financial message to offset a previously submitted financial message.

The Corporation subsequently creates instructions, reflecting the Customers' end-of-day net obligations, which result in the assumption or discharge of payment obligations between Customers. These instructions are effected by Customers and the settlement agents of the Corporation. Settlement finality of the transfer order is determined by the rules of the national payment system in which the funds transfer is executed.

### **8.2.3.1 Cooperation with Government Authorities**

Each Europe Region Customer agrees and acknowledges that, for the purposes of administering the Interchange System, the Corporation may from time to time co-operate (by sharing of information or otherwise) with:

1. The Financial Services Authority;
2. The Bank of England;
3. Any relevant office holder (as defined in the UK SFD Regulations); and
4. Any authority, body or person having responsibility for any matter arising out of, or connected with, the default of a Customer.

### **8.2.3.2 Provision of Information**

For the purposes of the UK SFD Regulations, each Europe Region Customer must (except if such request is frivolous or vexatious) provide to any interested person who requests it, within 14 days of such request and upon payment by such a person of a reasonable charge.

1. Details of the systems which are designated for the purposes of the Settlement Finality Directive in which such Customer participates; and
2. Information about the main rules governing the functioning of such systems.

### **8.2.3.3 Notification of Winding Up Resolution or Trust Deed**

For the purposes of the UK SFD Regulations, each Europe Region Customer must (i) upon the passing of a creditor's voluntary winding up resolution (or analogous procedure in the jurisdiction of incorporation of such Customer) in respect of that Customer; or (ii) upon a trust deed granted by the Customer becoming a protected trust deed, notify the Corporation and the Bank of England that such a resolution (or analogous procedure) has been passed or that such a trust deed has become a protected trust deed, as the case may be.

## **8.3 Interchange and Service Fees**

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In the Europe Region, the Rule on this subject is modified as follows.

Detailed information on how interchange fees are applied in the Europe Region is contained in the *Interchange Manual—Europe Region*. An Acquirer must submit Transactions completed at Merchants with the interchange rate designator for the lowest fee tier applicable to them.

## **8.4 Establishment of Intracountry Interchange and Service Fees**

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The establishment of intracountry interchange and service fees by agreement of Customers as set forth in Rule 8.4.1 is not available in the EEA.

### **8.11 Loss Allocation Among Customers**

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In the Europe Region, the Rule on this subject is modified as follows.

Any losses incurred by the Corporation, or for which the Corporation may otherwise be responsible due to the failure of a Maestro Customer to perform its settlement obligations, will be apportioned among Maestro Customers in the Region.

The apportionment of losses will be based on Customers' guaranteed issuing and acquiring Volumes. The collection of the loss allocation will be undertaken by the Corporation as soon as practicable under the circumstances of the settlement losses and may be carried out over an extended period if required.

## Chapter 13 Latin America and the Caribbean Region

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## Applicability of Rules

---

The Rules in this Latin America and the Caribbean Region chapter are variances and additions to the “global” Rules that apply in the Latin America and the Caribbean Region or in a particular Region country or countries. Refer to Appendix A for the Latin America and the Caribbean Region geographic listing.

## Definitions

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Solely within Brazil, the following terms have the meanings set forth below:

### **Maestro Contactless Magnetic Stripe Transaction**

A Maestro POS Transaction initiated by a Cardholder with a Card issued in Brazil at a Merchant located in Brazil, and which contains a value of 91 in Data Element (DE) 22 (Point of Service Entry Mode), subfield 1 (POS Terminal PAN Entry Mode), data field position 1–2 and a value of 3 or 4 in DE 61 (Point of Service [POS] Data), subfield 11 (POS Card Data Terminal Input Capability Indicator).

### **Maestro Card**

A Card Issued in Brazil that provides access to a Maestro Account and displays the MasterCard Brand Mark accompanied by the proprietary “débito” graphic identifier in accordance with the Standards.

## 3.1 Obligation to Issue MasterCard Cards

---

In the Latin America and the Caribbean Region, the Rule on this subject is modified to include the following:

A Customer that is Licensed to acquire Transactions in the United States that extends its Area of Use to acquire Transactions in Puerto Rico is not required to issue MasterCard Cards in Puerto Rico if its acquiring Activity in Puerto Rico is limited to only the Transactions of Merchants located in Puerto Rico that are also located and have headquarters in the United States, and with whom the Customer has an existing acquiring relationship in the United States.

## 4.1 Right to Use the Marks

---

In Brazil, the Rule on this subject is modified as follows.

A Maestro Customer located in Brazil must:

1. Comply with the Standards relating to the use of the MasterCard Marks, including but not limited to those set forth in Chapter 4;

2. Ensure that all newly issued or reissued Maestro Cards are in compliance with the MasterCard “débito” Standards. All Maestro Cards must be in compliance by 1 February 2016; and
3. Only use the MasterCard Brand Mark accompanied by the proprietary “débito” graphic identifier as a stand-alone domestic-use-only brand, in compliance with the Standards.

## 4.8 Use of Marks on Maestro and Cirrus Cards

---

In Brazil, the Rule on this subject as it applies in Brazil is modified as follows.

1. The Marks may be placed on cards in combination with other local/international ATM marks.
2. The Marks may co-reside on a MasterCard Card in the context of a multi-Account Card Program.
3. A Customer must not place local/regional POS debit marks on Maestro Cards bearing the Marks and must be in full compliance with Rule 4.9, as may be amended from time to time.
4. The Marks may not be placed on any debit card that does not qualify as a Maestro Card.

## 5.10 Merchant Obligations for Acceptance

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### 5.10.5 Discounts or Other Benefits at the Point of Interaction

In the Latin America and the Caribbean Region, a discount or other benefit may be applied at the POI upon presentation of a particular MasterCard Card or Maestro Card for payment. The Merchant may promote such discount or other benefit at the POI location, provided such promotion does not disparage other Card Programs.

## 6.1 Card Issuance—General Requirements

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### 6.1.2 Maestro Card Issuance

In the Latin America and the Caribbean Region, the Rule on this subject as it applies in Brazil, Chile, and Colombia is modified as follows.

In Brazil, Chile, and Colombia, a Chip Card must support online PIN verification as the CVM for any Contactless Transaction initiated with a Card issued in Brazil, Chile, or Colombia that exceeds the Contactless Transaction CVM limit amount. In Brazil, this Rule applies to both Maestro Contactless Transactions and Maestro Contactless Magnetic Stripe Transactions.

In Brazil, any Solicitation for a Maestro Card must display the MasterCard Brand Mark accompanied by the proprietary “débito” graphic identifier in lieu of the Maestro Brand Mark, in accordance with the Standards.

## 6.4 Selective Authorization

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In Brazil, the Rule on this subject additionally applies to Maestro Card Programs that display the MasterCard Brand Mark accompanied by the “débito” identifier on Cards and which are accepted at MasterCard débito acceptance locations.

## 8.2 Net Settlement

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### 8.2.1 Currency Conversion

In the Latin America and the Caribbean Region, the Rule on this subject is modified as follows.

With respect to MasterCard POS Transactions occurring within the country in which the MasterCard Account was issued, if that country is within the Region, and if the Transaction currency is the same as the currency of the Issuer and is not U.S. dollars, the Acquirer must accept payment for the Transaction in the local currency, unless the Acquirer and Issuer have agreed otherwise, or unless local law requires otherwise.

Noncompliance by any Customer with this requirement will result in the imposition of a USD 50 fine for each USD 1,000 of affected settlement volume, payable monthly for the volume in the prior month.

## 8.4 Establishment of Intracountry Interchange and Service Fees

---

In the Latin America and the Caribbean Region, the Rule on this subject is modified as follows.

Integrated Service for Intracurrency Settlement (ISIS) certification is a standard feature of the certification process for MasterCard Programs in which a Region Customer participates. All Principals and Associations in the Region and Service Providers providing Program Services to Principals and Associations in the Region must settle MasterCard POS Transactions through ISIS at the applicable intracountry interchange rate and conditions with each Region Customer that chooses to use ISIS as its settlement platform for Intracountry POS Transactions.

## 8.11 Loss Allocation Among Customers

---

In the Latin America and the Caribbean Region, the Rule on this subject is modified as follows.

Any losses that the Corporation incurs, or for which the Corporation may otherwise be responsible due to the failure of a Maestro Customer to perform its Customer obligations, will be allocated to the Maestro Principals in the Region. The allocation will be determined by the Corporation or in accordance with expense allocation practices in effect at that time, whether regional, global, operational, or any other.



The Corporation will determine the timing of the collection, which will be as immediate as is practicable, but may be carried out over an extended period if deemed necessary or appropriate.

## Chapter 14 Middle East/Africa Region

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## Applicability of Rules

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The Rules in this Middle East/Africa Region chapter are variances and additions to the “global” Rules that apply in the Middle East/Africa Region or in a particular Region country or countries.

Refer to Appendix A for the Middle East/Africa geographic listings.

## Definitions

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Solely within South Africa, the following terms have the meanings set forth below:

### **Debit, Debit MasterCard Card, Debit Card**

Any MasterCard Card or Program issued in South Africa, by a Customer licensed in South Africa, that when presented for payment in South Africa, accesses, debits, holds, or settles funds from a consumer’s deposit, current, saving, asset or other type of money account. “Debit” or “Debit MasterCard Card” shall include consumer signature and/or PIN debit Programs, stored value Programs, prepaid Cards, payroll Cards and electronic benefit transfer Cards. Zero floor limits apply and all Transactions are authorized online.

### **Other MasterCard Card**

Any MasterCard Card or Program issued in South Africa that is not defined as “debit” or “Debit MasterCard Card”.

## 1.7 Area of Use

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### 1.7.1 Extending the Area of Use

In all countries of the Middle East/Africa Region, the Rule on this subject is modified as follows.

A Principal Customer may apply for an extension to its Area of Use to sponsor an entity that is located in a country different from the country in which the Principal Customer is incorporated or is otherwise constituted. The Corporation may at its absolute discretion grant to a Principal Customer such an extension of its Area of Use if such an extension brings sufficient value to the Corporation.

What constitutes sufficient value is to be determined solely by the Corporation. In addition to bringing sufficient value to the Corporation, all of the following conditions must be met at all times:

1. The Principal Customer is:
  - a. Licensed in at least one country listed in the Middle East/Africa geographic listing in Appendix A; and

- b. At all times compliant with PCI Security Standards for Level 1 Service Providers as described in section 10.3.4 or the *Security Rules and Procedures* manual.
2. The entity proposed to be Sponsored:
  - a. Must be incorporated or is otherwise constituted in a country located in one of the countries or territories listed in the Middle East/Africa geographic listing in Appendix A;
  - b. Is a financial institution authorized to engage in Activity under the laws or government regulations of the country in which it is incorporated or is otherwise constituted;
  - c. Engages in Activity within six months of becoming an Affiliate Customer;
  - d. Limits its Activity to the country in which it is incorporated or is otherwise constituted after it becomes an Affiliate Customer; and
  - e. Must not be sponsored by more than one Principal Customer.
3. The Principal Customer and Affiliate Customer each agree that all Transactions conducted pursuant to such an extension must be authorized, cleared and settled through the Interchange System of the Corporation.
4. The total MasterCard gross dollar volume (GDV) of an Affiliate Customer must not exceed 15 percent of the total GDV of the Corporation in that country. An Affiliate Customer will be required to apply to become a Principal Customer if it exceeds this 15 percent threshold.

### 3.1 Obligation to Issue MasterCard Cards

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the Rule on this subject does not apply in South Africa.

### 3.13 Data Protection

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In the Middle East/Africa Region and solely for purposes of Rule 3.13, the following terms have the meanings set forth below.

#### **Applicable Data Protection Law**

The applicable laws, rules, regulations, directives and governmental requirements in a country in the Middle East/Africa Region relating in any way to the privacy, protection and security of Personal Data, as amended from time to time.

#### **Data Subject**

A Cardholder or Merchant or other natural person whose Personal Data is collected, used or disclosed by the Corporation or a Customer in a country in the Middle East/Africa Region.

#### **Organization**

Any individual, company, association or body of persons, corporate or unincorporated, whether or not formed or recognised under the applicable law of a country in the Middle

East/Africa Region, or resident, or having an office or a place of business, in a country in the Middle East/Africa Region.

### **Personal Data**

Any information or opinion, whether true or not, about an identified individual or an individual who can be identified or is reasonably identifiable from that information or opinion.

### **Processing of Personal Data**

The carrying out of any operation or set of operations in relation to Personal Data, including recording, holding, organization, adaptation or alteration, retrieval, combination, transmission and erasure or destruction.

### **Transaction-related Personal Data**

Personal Data required for authorizing, recording, settling and clearing a Transaction processed by the Corporation.

## **3.13.1 Processing of Transaction–Related Personal Data**

A Customer who collects, uses or discloses Transaction–related Personal Data in a country in the Middle East/Africa Region must comply with the Applicable Data Protection Law in that country. A Customer is the Organization responsible for complying with the Applicable Data Protection Law in respect of the collection, use and disclosure of Personal Data, including the transfer of Personal Data outside the applicable country in the Middle East/Africa Region (including to the United States of America), for the purposes of authorizing, recording, clearing and settling transactions, and the Corporation acts as an entity that processes Personal Data on behalf of the Customer for these purposes. The Corporation will only undertake Processing of Personal Data in accordance with the Customer's instructions and the Standards and will comply with security obligations equivalent to those imposed on the Customers under the Applicable Data Protection Law, and such other obligations as applicable to the Corporation under the Applicable Data Protection Law.

## **3.13.2 Data Subject Notice and Consent**

A Customer in a country in the Middle East/Africa Region must ensure that Data Subjects are properly informed and, if necessary, have given proper consent in accordance with the Applicable Data Protection Law that Personal Data relating to them may be collected, used or disclosed by the applicable Customer and the Corporation as set forth for the purposes provided for in Rule 3.10.

## **3.13.3 Data Subject Access to Personal Data**

In accordance with the Applicable Data Protection Law, a Customer in a country in the Middle East/Africa Region must develop and implement appropriate procedures for handling requests by Data Subjects for access to and/or correction of Personal Data maintained by the applicable Customer or the Corporation. The Corporation will cooperate with a Customer in responding to such requests and will provide access to Personal Data maintained by the Corporation where appropriate.

If an access request is made directly to the Corporation, a Customer must cooperate with the Corporation in promptly responding to the request.

### 3.13.4 Integrity of Personal Data

Each Customer in a country in the Middle East/Africa Region must take reasonable steps to ensure that Personal Data the Customer provides to the Corporation is accurate, complete and current.

## 5.1 The Merchant and ATM Owner Agreements

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### 5.1.2 Required Merchant Agreement Terms

In South Africa, the Rule on this subject is modified as follows.

With respect to MasterCard Card acceptance in South Africa, a Merchant Agreement must provide the Merchant with the options, and the applicable Merchant discount rate for each option, to elect to accept South Africa-issued Debit MasterCard Cards only, South Africa-issued Other MasterCard Cards only, or both South Africa-issued Debit MasterCard Cards and South Africa-issued Other MasterCard Cards. A Merchant may choose to stop accepting South Africa-issued Debit MasterCard Cards or South Africa-issued Other MasterCard Cards by providing no less than 30 days advance written notice to its Acquirer.

## 5.10 Merchant Obligations for Acceptance

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### 5.10.1 Honor All Cards

In South Africa, the Rule on this subject, as it applies to the acceptance of MasterCard Cards issued in South Africa, is replaced with the following:

1. **Honor All Debit MasterCard Cards.** Merchants that choose to accept Debit MasterCard Cards must honor all valid Debit MasterCard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit MasterCard Card.
2. **Honor All Other MasterCard Cards.** Merchants that choose to accept Other MasterCard Cards must honor all Other MasterCard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with another Card.

### 5.10.2 Merchant Acceptance of MasterCard Cards

In South Africa, the following Rule applies to the acceptance of MasterCard Cards issued in South Africa:

A Merchant in South Africa that accepts MasterCard Cards may choose to accept Debit MasterCard Cards only, Other MasterCard Cards only, or both Debit MasterCard Cards and

Other MasterCard Cards. The Acquirer must advise the Corporation when a Merchant chooses not to accept either Debit MasterCard Cards or Other MasterCard Cards.

Merchants may request signage for the purpose of indicating their acceptance of Debit MasterCard Cards at [www.mastercardweacceptdebit.com](http://www.mastercardweacceptdebit.com). An Acquirer must provide a complete list of the BINs that apply to Debit MasterCard Cards to its Merchants upon any form of reasonable request.

### 5.10.5 Discounts or Other Benefits at the Point of Interaction

In the Middle East/Africa Region, a discount or other benefit may be applied at the POI upon presentation of a particular MasterCard Card for payment. Promotion of any such discount or other POI benefit is permitted provided such promotion does not result in discrimination against other Card Programs. The determination of whether any promotion discriminates against other Card Programs is at the sole discretion of the Corporation.

## 6.1 Card Issuance—General Requirements

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### 6.1.1 MasterCard Card Issuance

In South Africa, the Rule on this subject is modified as follows.

An Issuer must use specific and unique bank identification numbers (BINs) for Debit MasterCard Cards.

## 6.3 Limitation of Liability of Cardholders for Unauthorized Use

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The following applies with respect to Middle East/Africa Region MasterCard Cardholders:

1. **Limitation on amount.** Subject to the laws of the country within which a Card is issued, the liability of a Cardholder for unauthorized use of a Card (regardless of the type of account to which Transactions initiated with such Card are posted):
  - a. Shall not exceed USD 0 if the conditions set forth in paragraph 2, below, have been met or,
  - b. Shall be in accordance with the corresponding Cardholder agreement if the conditions set forth in paragraph 2 have not been met.
2. **Conditions to USD 0 liability.** The liability limitations set forth in clause (a) of paragraph 1, above, shall apply only if:
  - a. The Cardholder has exercised vigilant care in safeguarding such Card from risk of loss, theft, or unauthorized use;
  - b. The Cardholder immediately and without delay notifies the Issuer upon discovery of the loss, theft, or unauthorized use;
  - c. The Cardholder has not reported two or more incidents of unauthorized use to the Issuer in the immediately preceding 12-month period;

- d. The account to which Transactions initiated with such Card are posted is in good standing; and
  - e. The Cardholder has complied with the terms and conditions of the corresponding Cardholder agreement.
3. **Effect of other applicable law or agreement.** If country or local law or an agreement between a Cardholder and the Issuer of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) imposes lesser liability than that provided in this Rule, the lesser liability shall govern.
  4. **Unauthorized use.** For purposes of this Rule, “unauthorized use” means the use of a Card (regardless of the type of account to which Transactions initiated with such Card are posted) by a person other than the Cardholder who does not have actual, implied, or apparent authority for such use, and from which the Cardholder receives no benefit.
  5. **Nonapplicability.** This Rule shall not apply to Cards issued:
    - a. To an entity other than a natural person;
    - b. Primarily for business, commercial, or agricultural purposes; or
    - c. If a PIN or MasterCard SecureCode is used as the Cardholder verification method for unauthorized Transactions.



## Chapter 15 United States Region

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## Applicability of Rules

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The Rules in this United States Region chapter are variances and additions to the “global” Rules that apply in the United States Region. Refer to Appendix A for the United States Region geographic listing.

## Definitions

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Solely within the U.S. Region, the following terms have the meanings set forth below:

### **Acquiring Activity Fee**

A fee assessed by the Corporation in connection with a “Change of Control,” as such term is defined in Rule 1.11 of Chapter 14, “United States Region,” of an Acquirer or the acquiring business of a Customer.

### **Debit, Debit MasterCard Card, Debit Card**

Any MasterCard Card or Program issued in the U.S. Region by a Region Customer that when presented for payment in the United States, accesses, debits, holds, or settles funds from a consumer’s demand deposit or asset account.

“Debit” or “Debit MasterCard Card” shall include consumer signature debit Programs, stored value Programs, prepaid Cards, payroll Cards, electronic benefit transfer Cards, and deferred debit Cards that access, debit, hold, or settle funds from the user’s demand deposit or asset account less than fourteen days after the date of purchase. “Debit” shall not include any point-of-sale device that accesses, debits, hold, or settles funds from the user’s demand deposit or asset account fourteen or more days after the date of the purchase.

### **Debit Payment Network**

A network, other than any network owned and operated by or that is a corporate affiliate of the Corporation, that provides access to Maestro Accounts issued in the U.S. Region at POS Terminals located in the U.S. Region through the use of payment cards and uses a common service mark to identify such POS Terminals and payment cards.

### **Designee**

An entity, including but not limited to a Third Party Processor or a Merchant, that has been authorized by the Corporation to connect directly to the Interchange System for purposes of Maestro Transaction processing.

### **MasterCard Affiliate**

A financial institution that is eligible and approved to be a Customer that participates indirectly in MasterCard Activity through the Sponsorship of a MasterCard Principal, an Association, or a Type I TPP utilizing the MasterCard Principal’s, Association’s, or Type I TPP’s assigned ICAs and BINs/IINs, but which must be Sponsored by a MasterCard Principal or

Association to participate in MasterCard Acquirer Activity; and as such, may not Sponsor any other MasterCard Customer.

### **Other MasterCard Card**

Any MasterCard Card or Program issued in the U.S. Region by a Region Customer that is not defined as “debit” or “Debit MasterCard Card.”

### **Sponsor**

The relationship described in the Standards between a Principal, Association, or Type I TPP and an Affiliate that engages in Activity indirectly through the Principal, Association, or Type I TPP. In such event, the Principal, Association, or Type I TPP is the Sponsor of the Affiliate and the Affiliate is Sponsored by the Principal, Association, or Type I TPP.

### **Sponsorship**

The relationship between a Principal, Association, or Type I TPP that Sponsors an Affiliate and that Affiliate.

### **TPP Acquiring Fee**

A fee assessed by the Corporation in connection with a “Change of Control,” as such term is defined in Rule 7.2.2 of this chapter, of a TPP.

## **1.9 Participation in Activity and Digital Activity**

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In the U.S. Region, the Rule on this subject is modified as follows.

A MasterCard Affiliate that is Sponsored by a Type I TPP may not also participate in MasterCard Activity as a MasterCard Principal or Association.

## **1.12 Change of Control of Customer or Portfolio**

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In the U.S. Region, the Rule on this subject is replaced in its entirety with the following.

### **1.12.1 Change of Control of Issuer or Issuing Program**

In the event that an Issuer will undergo a change of Control, as the term “Control” is defined in the Definitions section of this manual, the Issuer must notify the Corporation in writing of such changes at least 90 days prior to the effective date thereof.

The Issuer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event and the Corporation may:

1. Suspend or impose conditions on any License granted to the Issuer or both.
2. Amend the rights or obligations or both of the Issuer.
3. Terminate the Licenses of any Issuer that:

- a. transfers or attempts to transfer Control of the Issuer to an entity that is not a Customer;
- b. merges into or is consolidated with an entity that is not a Customer,
- c. sells all or substantially all of its assets;
- d. sells all or substantially all of its Issuer Portfolios;
- e. experiences a change in Control or Ownership; or
- f. transfers or assigns, or attempts to transfer or assign, its Participation.

### **1.12.2 Change of Control of Acquirer or Acquiring Program**

In the event that an Acquirer or the acquiring business of a Customer that is both an Issuer and an Acquirer will undergo a “Change of Control,” as such term is defined herein, the Acquirer must notify the Corporation in writing of such changes at least 90 days prior to the effective date thereof.

The Acquirer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event and the Corporation may:

1. Suspend or impose conditions on any License granted to the Acquirer or both.
2. Amend rights or obligations or both of the Acquirer.
3. Terminate the Licenses of the Acquirer.
4. Assess an Acquiring Activity Fee. The Acquiring Activity Fee will be determined based on one or more factors which shall include, but not be limited to:
  - a. The Transaction volume acquired annually by the Acquirer; or
  - b. Any other factors that could significantly impact the integrity of the MasterCard system.

For purposes of this Rule, a “Change of Control” shall mean an Acquirer or the acquiring business of a Customer that is both an Issuer and an Acquirer:

1. Merges with another entity, where such other entity is the surviving entity;
2. Undergoes a transfer involving 10% or more of any class of its voting securities (including any options, warrants, or convertible securities that convert into voting securities) or ownership interest;
3. Undergoes a change in ownership of 10% or more of outstanding shares;
4. Transfers 10% or more of its assets, in each case in a single transaction, or a series of related transactions;
5. Undergoes a change in ownership of a “controlling interest”;
6. Undergoes a change which results in a third party having the power to exercise, directly or indirectly, a controlling influence over its management or policies based on the totality of facts and circumstances;
7. Sells, transfers or closes down a specified division or line of its business which is related to or is in connection with the Corporation’s business;
8. Offers all or a portion of the company to the public in an initial public offering; or
9. Undergoes a financial restructuring giving effective control to bondholders.

### 3.1 Obligation to Issue MasterCard Cards

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In the U.S. Region, the Rule on this subject is modified as follows.

1. Any Customer that does not issue or have outstanding any cards of a competing card program within the U.S. Region is not obligated to issue MasterCard Cards to customers in the U.S. Region before it may acquire MasterCard POS Transactions from Merchants located in the U.S. Region.
2. A Customer that is Licensed to acquire MasterCard POS Transactions in the United States that extends its Area of Use to acquire MasterCard POS Transactions in Puerto Rico is not required to issue MasterCard Cards in Puerto Rico if its acquiring Activity in Puerto Rico is limited to only the Transactions of Merchants located in Puerto Rico that are also located and have headquarters in the United States, and with whom the Customer has an existing acquiring relationship in the United States.

### 3.3 Transaction Requirements

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In the U.S. Region, the Rule on this subject is modified as follows.

A Type I TPP that Sponsors a MasterCard Affiliate for the purpose of Issuer Activity must ensure that each MasterCard Transaction of such Affiliates that arises in connection with such Issuer Activity is a Processed Transaction.

### 3.7 Integrity of Brand and Network

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In the U.S. Region, the Rule on this subject is modified as follows.

Pursuant to this Rule, with respect to any potentially illegal Internet gambling Transaction attempted on or after 1 June 2010, the Issuer of the Card must either employ a method of systemic Transaction blocking or decline all such Transaction authorization requests on an individual basis.

An Internet gambling Transaction that may be potentially illegal when involving a U.S. region Cardholder is any Transaction that the Acquirer has identified in the authorization request message as both:

1. A gambling Transaction, by the use of MCC 7995 in DE 18 (Merchant Type), and
2. An e-commerce Transaction, by the use of a value of 6 (electronic commerce Transaction) in DE 61 (Point of Service [POS] Data), subfield 10 (Cardholder-Activated Terminal Level Indicator).

An Issuer may approve, on an individual basis, any Internet gambling Transaction authorization request arising from a U.S. Region Merchant and identified with MCC 9754 (Gambling—Horse Racing, Dog Racing, Non-Sports Intrastate Internet Gambling), 7801 (Internet Gambling), or MCC 7802 (Government Licensed Horse/Dog Racing) that involve a U.S. Region Cardholder. In using MCC 9754, MCC 7801, or MCC 7802, the Acquirer asserts

that the Transaction involves gambling activity related to horse racing, dog racing, or non-sports intrastate Internet gambling that is deemed by the Acquirer to be legal in the U.S. region and indemnifies the Corporation in connection with all such gambling activity. Such indemnity applies regardless of the Acquirer's or the Merchant's compliance with the Corporation's *Internet Gambling Policy* or the Standards.

## 5.1 The Merchant and ATM Owner Agreements

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### 5.1.2 Required Merchant Agreement Terms

In the U.S. Region, the Rule on this subject is modified as follows.

A Merchant Agreement for MasterCard Card acceptance must provide the Merchant with the option, and the applicable Merchant discount rate for each option, to elect to accept Debit MasterCard Cards only, Other MasterCard Cards only, or both Debit MasterCard Cards and Other MasterCard Cards. With respect to any contract existing on or before 1 January 2004, under which a Merchant accepts MasterCard Cards, a Merchant may choose to stop accepting Debit MasterCard Cards or Other MasterCard Cards by providing no less than 30 days' advance written notice to its Acquirer.

A Merchant Agreement newly effective or renewed after 11 June 2014 must include a separate or distinct fee disclosure (a "Fee Disclosure").

The Fee Disclosure must clearly and conspicuously detail the methodology by which each Merchant fee (a "Fee") is calculated. As used herein, a "Fee" means any charge by an Acquirer to a Merchant related to or arising from the Merchant Agreement, including, but not limited to, a Terminal or other equipment sale charge, lease or rental; transaction processing charges; authorization, clearing and/or settlement charges; the pass-through of any Acquirer obligation to a third party; and any Merchant Agreement termination charge.

The method used to calculate each Fee listed in the Fee Disclosure, including any conditions, terms or contingencies that are or could be applicable to the Fee, must be clearly explained in plain terms. By way of example, terms that may appear in a Merchant Agreement and must be explained include, but are not limited to:

- Merchant discount rate;
- Pass-through;
- Interchange plus mark-up;
- Bundled pricing;
- Tiered rate, qualified rate, mid-qualified rate, non-qualified rate;
- Authorization; and
- Settlement or account settlement.

## 5.3 Acquirer Obligations to Merchants

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### 5.3.3 Provide Information

An Acquirer must provide a Merchant with which the Acquirer has a Merchant Agreement at least 30 days advance notice of any new or increased Fee arising from or related to the Merchant Agreement. Such notice must be provided separately from any regular Fee statement, bill, invoice or the like provided to a Merchant. As used herein, the term Fee has the meaning set forth in Rule 5.1.2 of these United States Region Rules.

## 5.7 Transaction Message Data

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### 5.7.1 Card Acceptor Business Code (MCC) Information

In the U.S. Region, the Rule on this subject is modified as follows.

A U.S. Region Acquirer may use MCC 7801 (Internet Gambling) or MCC 7802 (Government Licensed Horse/Dog Racing) to identify Transactions arising from a U.S. Region Merchant or Submerchant engaged in legal gambling activity involving non-sports intrastate Internet gambling, horse racing, or dog racing if the Acquirer has first registered the Merchant or Submerchant with the Corporation as described in section 9.4.2 of the *Security Rules and Procedures* manual. MCC 9754 (Gambling—Horse Racing, Dog Racing, Non–Sports Intrastate Internet Gambling) was formerly used to identify such Transactions.

## 5.10 Merchant Obligations for Card Acceptance

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### 5.10.1 Honor All Cards

In the U.S. Region, the Rule on this subject as it applies to MasterCard Card acceptance is replaced with the following:

1. **Honor All Debit MasterCard Cards.** Merchants that choose to accept Debit MasterCard Cards must honor all valid Debit MasterCard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit MasterCard Card.
2. **All Other MasterCard Cards.** Merchants that choose to accept Other MasterCard Cards must honor all Other MasterCard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with another Card.



### 5.10.2 Merchant Acceptance

Merchants that accept MasterCard Cards may choose to accept Debit MasterCard Cards only, Other MasterCard Cards only, or both Debit MasterCard Cards and Other MasterCard Cards.

Merchants that request signage for the purpose of indicating their acceptance of Debit MasterCard Cards must display such signage for a minimum of three months. The signage may be requested at [www.mastercardweacceptdebit.com](http://www.mastercardweacceptdebit.com).

An Acquirer must provide a complete list of the BINs that apply to Debit MasterCard Cards to its Merchants upon any form of reasonable request.

## 5.11 Prohibited Practices

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### 5.11.1 Discrimination

Refer to Chapter 15 for an additional provision to this Rule applicable in the U.S. Region.

## 6.1 Card Issuance—General Requirements

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### 6.1.1 MasterCard Card Issuance

In the U.S. Region, the Rule on this subject is modified as follows.

1. An Issuer must ensure that each contactless-enabled MasterCard Card or Access Device newly issued or re-issued on or after 18 October 2013 is personalized with the appropriate device type value.
2. A MasterCard credit Card that also provides access to a debit account when a transaction occurs at a POS Terminal via PIN functionality must enable that Card to process any debit PIN POS transaction as a Maestro POS Transaction.
3. A Debit MasterCard Card Issuer must post funds due to a Cardholder as a result of a refund Transaction to the Cardholder's account within one business day of Transaction settlement. The Issuer may place a temporary hold on such funds to the extent allowed under applicable law if the Issuer determines that the circumstances or account history warrant the delay.
4. An Issuer must use specific and unique bank identification numbers (BINs) for Debit MasterCard Cards.
5. An Issuer must ensure that all of its Debit MasterCard Cards enabled for the processing of single message transactions (PIN-based and/or PIN-less) by a Competing EFT POS Network are also enabled for Transaction processing by means of the MasterCard Single Message System. When Debit MasterCard Card Transactions are processed on the MasterCard Single Message System, the Standards applicable to Maestro Cards and Maestro POS Transactions apply.

### 6.1.2 Maestro Card Issuance

In the U.S. Region, the Rule on this subject modified as follows.

A MasterCard credit Card may be enhanced with the Maestro Payment Application.

A Maestro Chip Card:

1. May support either online PIN verification only or both online PIN and offline PIN verification as the CVM for POS Transactions; and
2. Must support online PIN verification as the CVM for any Maestro Contactless Transaction that exceeds the Contactless Transaction CVM limit amount.

### 6.1.4 Tokenization of Accounts

In the U.S. Region, the Rule on this subject is modified as follows.

Prior to the allocation of a MasterCard Token corresponding to a debit Account issued using a Corporation-designated BIN, the Issuer must notify the Corporation of each Debit Payment Network enabled on the debit Account as a Merchant routing option.

#### 6.1.4.1 Maestro Accounts

If Maestro is issued on a debit card other than a Debit MasterCard Card, and the other brand enabled on that debit card offers Tokenization services, the Issuer of the Maestro Account must ensure that the other Token Vault can support and respond appropriately to Token mapping and cryptography validation requests sent by the Corporation to the Token Vault with respect to single message transactions routed to the Interchange System.

## 6.3 Limitation of Liability of Cardholders for Unauthorized Use

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The following applies with respect to United States Region Cardholders:

An Issuer must not hold a Cardholder liable for a Transaction that was not authorized by the Cardholder if the Cardholder exercised reasonable care in safeguarding the Card from risk of loss or theft and, upon becoming aware of such loss or theft, promptly reported the loss or theft to the Issuer.

This Rule shall not apply to a Transaction conducted with a Card that is:

a. Issued to an entity other than a natural person or for a commercial purpose except the Rule shall apply to a Transaction conducted with a Card for any of the “small business” Programs as described below:

- MasterCard BusinessCard® Card;
- MasterCard® Professional Credit Card;
- World MasterCard® for Business;
- World Elite MasterCard® for Business;
- Debit MasterCard® Professional Card;
- Debit MasterCard® BusinessCard® Card;
- Charge MasterCard® BusinessCard® Card;

- MasterCard® Business Prepaid Card;
- MasterCard Unembossed BusinessCard® Card; or
- Debit MasterCard Unembossed BusinessCard Card;

OR

b. Issued and/or sold to a person until such time as that person's identity is registered by or on behalf of the Issuer in connection with such issuance and/or sale, which registration may include Customer identification program requirements.

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## 7.1 Service Provider Categories

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### 7.1.2 Third Party Processor

#### 7.1.2.1 Type I

In the U.S. Region, the Rule on this subject is modified as follows:

1. In addition to engaging in TPP Program Service, a Type I TPP in the U.S. Region may Sponsor an Affiliate to engage in MasterCard and/or Maestro Issuer Activity. A Type I TPP that Sponsors an Affiliate for such purpose must comply with (i) all Standards applicable to a Type I TPP; (ii) subject to Rule 8.7, all Standards applicable to a Principal Issuer; and (iii) such additional or alternative Standards and/or other requirements that the Corporation may determine to be necessary or appropriate from time to time.
2. Notwithstanding Rule 7.1 or Rule 7.3, a TPP registered as a Type I TPP for MasterCard Activity and/or Maestro Activity pursuant to Rule 7.9 may participate in Settlement as agent for a U.S. Region Customer subject to (a) through (f) below. As used in this Rule 7.1.1.1, "Settlement" and "participation in Settlement" have the meanings set forth in Section 1 of the Corporation's *Settlement Manual*, and a "Settled-For Customer" means a U.S. Region Customer for which a Type I TPP participates in Settlement to any extent.
  - a. For so long as the Type I TPP is participating in Settlement, the Type I TPP agrees to comply with all Standards applicable to Settlement and participation in Settlement and such additional or alternative Standards and/or other requirements including, by way of example and not limitation, credit criteria and collateral requirements, as the Corporation may at any time determine to be necessary or appropriate.
  - b. The Corporation has no obligation to pay or reimburse, nor has any liability for any funds owed to, the Type I TPP by any Settled-For Customer with respect to any of the Settled-For Customer's Activities or any other Settled-For Customer obligation.
  - c. Should the Type I TPP advance funds on behalf of a Settled-For Customer to the Corporation, such advance is deemed a loan by the Type I TPP to the Settled-For Customer and the Type I TPP bears all risk of loss without recourse of any nature to the Corporation.
  - d. Unless otherwise set forth in the Standards or by a written agreement to which the Corporation is a party:

- i. The Corporation at any time may draw on Settlement funds held by a Type I TPP to satisfy any obligation arising pursuant to the Standards of any Settled-For Customer and regardless of whether any of such funds are commingled with any other funds;
- ii. The Type I TPP acknowledges and agrees that 1) the Type I TPP's participation in Settlement is issuing and/or acquiring Activity; 2) the Type I TPP is an "Indemnifying Customer" as such term is defined and used in Rule 2.3, with respect to the Type I TPP's participation in Settlement; and 3) the Type I TPP and each of the Type I TPP's Settled-For Customers are jointly and severally liable for any failure by the Type I TPP or by the Type I TPP's Settled-For Customer to comply with the Standards pertaining to Settlement and such additional or alternative Standards and/or other requirements pertaining to Settlement that the Corporation may determine to be necessary or appropriate from time to time and at any time;
- iii. In the event the Corporation draws on funds held by a Type I TPP to satisfy an obligation arising pursuant to the Standards of a Settled-For Customer, the Corporation has no obligation to reimburse the Type I TPP or such Settled-For Customer any such funds; and
- iv. The Corporation has the same rights (including, without limitation, rights of set off, offset, and recoupment) with respect to Settlement funds held by a Type I TPP that the Corporation has with respect to Settlement funds held by a Customer.
- e. During the first week of each calendar quarter and, in addition, within two business days of a request by the Corporation, the Type I TPP must provide to the Corporation in writing a list of all Settled-For Customers. With respect to each Settled-For Customer listed, the Type I TPP must provide 1) the ICA assigned to the Customer by the Corporation for use in Settlement; 2) the bank, account number and beneficiary/owner of the account used for Settlement of the Settled-For Customer's obligations; 3) average daily Settlement volume in USD for the calendar quarter immediately preceding the current calendar quarter; and 4) the amount of any collateral and/or prepayment the Settled-For Customer has provided to the Type I TPP.
- f. The Type I TPP shall promptly, and in any event within two business days, provide the Corporation written notice of 1) any Customer which has now become a Settled-For Customer of the Type I TPP; 2) the termination of the Type I TPP's participation in Settlement for a Settled-For Customer or 3) any change in the bank, account number or beneficiary/owner of the account used for Settlement of a Settled-For Customer's obligations.

### 7.1.2.3 Type III

The Corporation determines, in its sole discretion, if a TPP, in addition to being a Type I TPP or a Type II TPP, is also a Type III TPP, based upon consideration of the following criteria:

1. Whether a Type I TPP performs acquiring Program Service for an Acquirer in the U.S. Region;
2. Whether the TPP owns an equity stake in the Acquirer's MasterCard Activity;
3. Whether a joint venture, business combination, strategic alliance, or other business formation is in relation to or in connection with MasterCard business. For purposes of this

rule, MasterCard business shall be defined as any activity involving the use of any MasterCard programs, services, products, systems, or other functions or of any of the Marks;

4. Whether, in the determination of the Corporation, the TPP is managing the operations of an Acquirer's Merchant acquiring program, which management may include, but not limited to, any one or more of the following activities:
  - a. Receiving fees directly from the Merchant related to MasterCard Activity;
  - b. Defining, or having the ability to define, the criteria employed in screening of potential Merchants or otherwise managing the merchant on-boarding process;
  - c. Specifying the information to be contained in a Merchant application, the Merchant Agreement, or both; or
  - d. Determining Merchant pricing; and
5. Whether the TPP is a signatory to a Merchant Agreement.

## 7.2 The Program and Performance of Program Service

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### 7.2.2 Notification to the Corporation

In the U.S. Region, the Rule on this subject is modified as follows.

In the event a TPP performing acquiring Program Service for a U.S. Region Customer will undergo a "Change of Control," as such is defined below, the TPP must notify the Corporation in writing of such change by sending an email message to [tpp\\_registration@mastercard.com](mailto:tpp_registration@mastercard.com) at least 90 days prior to the effective date thereof. The TPP must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event. The Corporation will, in writing, either:

1. Reaffirm the TPP's registration status; or
2. Reaffirm the TPP's registration status and establish additional conditions to the registration, including the assessment of a TPP Acquiring Activity Fee.

The TPP Acquiring Activity Fee will be determined based on one or more of the following factors, which shall include, but not be limited to:

1. Transaction volume processed annually by the TPP;
2. The number of Customers for which the TPP performs Program Service; or
3. Any other factors relating to the TPP's performance of Program Service that could significantly impact the integrity of the MasterCard system.

Alternatively, the Corporation may, in its sole discretion, terminate or suspend the TPP's registration.

For purposes of this Rule, a Change of Control shall mean the TPP:

1. Merges with another entity, where such other entity is the surviving entity;

2. Undergoes a transfer involving 10% or more of any class of its voting securities (including any options, warrants, or convertible securities that convert into voting securities) or ownership interest;
3. Undergoes a change in ownership of 10% or more of outstanding shares;
4. Transfers 10% or more of its assets, in each case in a single transaction, or a series of related transactions;
5. Undergoes a change in ownership of a “controlling interest”;
6. Undergoes a change which results in a third party having the power to exercise, directly or indirectly, a controlling influence over the management or policies of the TPP based on the totality of facts and circumstances;
7. Sells, transfers, or closes down a specified division or line of its business which is related to or is in connection with the Corporation’s business;
8. Offers all or a portion of the company to the public in an initial public offering; or
9. Undergoes a financial restructuring giving effective control to bondholders.

In the event that the TPP fails to provide the written notice set forth above, the Corporation may promptly take either or both of the following actions:

1. Suspend the TPP’s registration; or
2. Terminate the TPP’s registration upon written notice from the Corporation. Such termination is effective upon delivery, or inability to deliver after a reasonable attempt to do so, of written or actual notice by the Corporation to the TPP.

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## 7.6 Acquiring Programs

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### 7.6.5 Payment Facilitators and Submerchants

In the U.S. Region, the Rule on this subject is modified as follows.

An Acquirer may permit a Payment Facilitator to manage the following additional obligations on behalf of the Acquirer, and remains fully responsible for the fulfillment of each to the extent that the Payment Facilitator fails to do so.

- Include a separate or distinct Fee disclosure in the agreement with the Submerchant, as set forth in (and as the term “Fee” is defined in) Rule 5.1.2 these United States Region Rules.
- Provide a Submerchant with which the Payment Facilitator has a Submerchant Agreement at least 30 days advance notice of any new or increased Fee arising from or related to the Submerchant Agreement. Such notice must be provided separately from any regular Fee statement, bill, invoice or the like provided to a Submerchant.

### 7.6.6 High-Risk Payment Facilitators

In the U.S. Region, the Rule on this subject is modified as follows.

A Payment Facilitator that proposes to sponsor as Submerchants one or more entities conducting business described in any of the following MCCs is deemed to be a “High-Risk Payment Facilitator”:

- Gambling merchants conducting horse racing, dog racing, or non-sports intrastate Internet gambling—MCC 7801 or MCC 7802
- Skill games merchants—MCC 7994
- State lottery merchants—MCC 7800

## 7.8 Payment Facilitator Obligations

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### 7.8.1 Submerchant Agreement

#### 7.8.1.1 Required Submerchant Agreement Terms

In the U.S. Region, the Rule on this subject is modified as follows.

Each Submerchant Agreement that is newly effective or renewed after 11 June 2014 must include a separate or distinct fee disclosure (a “Fee Disclosure”).

The Fee Disclosure must clearly and conspicuously detail the methodology by which each Submerchant fee (a “Fee”) is calculated. As used herein, a “Fee” means any charge by a Payment Facilitator to a Submerchant related to or arising from the Submerchant agreement, including, but not limited to, a Terminal or other equipment sale charge, lease or rental; transaction processing charges; authorization, clearing and/or settlement charges; the pass-through of any Acquirer obligation to a third party; and any Submerchant agreement termination charge.

The method used to calculate each Fee listed in the Fee Disclosure, including any conditions, terms or contingencies that are or could be applicable to the Fee, must be clearly explained in plain terms. By way of example, terms that may appear in a Submerchant agreement and must be explained include, but are not limited to:

- Merchant discount rate;
- Pass-through;
- Interchange plus mark-up;
- Bundled pricing;
- Tiered rate, qualified rate, mid-qualified rate, non-qualified rate;
- Authorization; and
- Settlement or account settlement.

### 7.8.2 Obligations as Sponsor of Submerchants

In the U.S. Region, the Rule on this subject is modified as follows.

A Payment Facilitator must provide each of its Submerchants with at least 30 days advance notice of any new or increased Fee arising from or related to the Submerchant agreement. Such notice must be provided separately from any regular Fee statement, bill, invoice or the like provided to a Submerchant. As used herein, the term Fee has the meaning set forth in Rule 7.8.1.1 of these United States Region Rules.

## 7.9 Registration Requirements for Type I TPPs

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In the U.S. Region, the Rule on this subject is modified as follows.

In addition to TPPs that the Corporation designates to be prospective Type I TPPs, a TPP or other entity in the U.S. Region may become a Type I TPP if such TPP or other entity:

1. Is registered by the Corporation as a Type I TPP; and
2. Agrees to comply with all Standards applicable to Type I TPPs and to Principals and any additional requirements that the Corporation may deem necessary or appropriate from time to time; and
3. Provides evidence satisfactory to the Corporation that it is in compliance with the MasterCard Anti-Money Laundering Program (the "AML Program"); and
4. Pays applicable fees.

## 7.10 Registration Requirements for Type III TPPs

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Any Type I TPP or Type II TPP that meets one or more of the criteria set forth in Rule 7.1.1.3 of this chapter must apply to be registered by the Corporation as a Type III TPP, and the Corporation will determine, in its discretion, if the TPP is a Type III TPP.

After registration by the Corporation of a Type III TPP, and on an annual basis, the applicable fee is charged by the Corporation directly to the Type III TPP. The renewal or continuation of a Type III TPP's registration as a TPP is at the sole discretion of the Corporation.

## 8.2 Net Settlement

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### 8.2.2 Settlement Currency

In the U.S. Region, the Rule on this subject is modified as follows.

All Transactions must be settled in U.S. currency; internationally acquired Transactions will be converted to U.S. currency at exchange rates determined by the Corporation.

## 8.6 Settlement Liability for Debit Licensees

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A debit Licensee is granted a License limited to the issuance of Debit MasterCard Cards. A principal debit Licensee is not responsible for the Debit MasterCard Card Program obligations



of any affiliate debit Licensee that it Sponsors if such an affiliate debit Licensee becomes unable or unwilling to discharge its settlement obligations.

## **8.7 Settlement Liability for Type I TPPs that Sponsor Affiliates**

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Unless otherwise provided in the Standards, a Type I TPP is not responsible for the Issuer Activity settlement obligations of an Affiliate that the Type I TPP Sponsors should such an Affiliate be unable or unwilling to discharge its Issuer Activity settlement obligations. The Corporation assumes no liability for any settlement failure dispute that arises between a Type I TPP and an Affiliate Sponsored by such Type I TPP.

## **8.10 Risk of Loss**

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In the U.S. Region, the Rule on this subject applies with respect to affiliate debit Licensees in the same manner as it applies to Customers.

## Chapter 16 Additional U.S. Region and U.S. Territory Rules

*This chapter contains Rules pertaining to Activity conducted in the U.S. Region or a U.S. Territory.*

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## Applicability of Rules

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The Rules in this section are variances and additions to the “global” Rules that apply in the United States (U.S.) Region and in American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands (herein, “the U.S. Territories”).

These Rules apply in addition to those set forth in the Asia/Pacific Region chapter, with respect to Customers located in American Samoa, Guam, and Northern Mariana Islands; the Latin America and the Caribbean Region chapter, with respect to Customers located in Puerto Rico and the U.S. Virgin Islands; and the United States Region chapter, with respect to U.S. Region Customers.

## 2.2 Conduct of Activity and Digital Activity

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### 2.2.5 MasterCard Acquirers

An Acquirer of MasterCard POS Transactions must not prohibit a Merchant from requesting or encouraging a consumer to use a payment card with an acceptance brand other than MasterCard or other form of payment or a MasterCard Card of a different product type (for example, traditional cards, premium cards, or rewards cards) than the MasterCard Card the consumer initially presents, or otherwise prohibit its Merchant from engaging in actions consistent with Rule 5.11.1 of this chapter.

## 3.3 Transaction Requirements

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For the avoidance of doubt, the Rule on this subject does not inhibit a Merchant’s ability to direct the routing of a transaction conducted in the U.S. Region or a U.S. Territory with a debit Card that is issued in the U.S. Region or a U.S. Territory to any debit payment network enabled on the Card.

## 4.1 Right to Use the Marks

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### 4.1.1 Protection and Registration of the Marks

The Rule on this subject, as it pertains to debit Cards issued in the U.S. Region or a U.S. Territory, is modified as follows.

No use of a Mark may be made on or in connection with any card, device or other application associated with a payment service that the Corporation deems to be competitive with any Activity except as set forth in this chapter.

## 4.8 Use of Marks on Maestro and Cirrus Cards

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In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows.

The Maestro Brand Mark may be placed on a debit card in combination with other local/regional/international POS debit marks and/or local/international ATM marks. In the event that a debit card has an international POS debit mark on the card front, and the card has a Maestro Payment Application:

1. If any other POS debit mark appears on the card back, the Maestro Brand Mark must be displayed on the card back; or
2. If no other POS debit mark appears on the card back, the Maestro Brand Mark is not required to appear on the card back.

A card must not include any visible indication communicating that acceptance or use of the Maestro Brand Mark or the Maestro Payment Application is limited, geographically or otherwise.

The provision of the Rule on this subject that prohibits a Customer from placing any other Competing EFT POS Network debit marks on its participating Cards does not apply to Cards issued in the U.S. Region or a U.S. Territory.

## 4.9 Use of Marks on MasterCard Cards

---

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows.

A competing or other debit point-of-sale marks may appear on a debit Card as set forth in the Card design Standards or as otherwise agreed to by the Corporation.

## 5.11 Prohibited Practices

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### 5.11.1 Discrimination

In the U.S. Region and U.S. Territories, the Rule on this subject is replaced with the following:

A Merchant may request or encourage a customer to use a payment card with an acceptance brand other than MasterCard or other form of payment or a MasterCard Card of a different type (for example, traditional cards, premium cards, or rewards cards) than the MasterCard Card the consumer initially presents. Except where prohibited by law, it may do so by methods that include, but are not limited to:

1. Offering the customer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the customer uses a particular payment card with an acceptance brand other than MasterCard or other particular form of payment;

2. Offering the customer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the customer, who initially presents a Card, uses instead another payment card or another form of payment;
3. Expressing a preference for the use of a particular payment card or form of payment;
4. Promoting the use of a particular general purpose payment card with an acceptance brand other than MasterCard or the use of a particular form or forms of payment through posted information, through the size, prominence, or sequencing of payment choices, or through other communications to customers (provided that the Merchant will abide by the Standards relating to the display of the Marks including, but not limited to, the MasterCard Acceptance Mark); or
5. Communicating to customers the reasonably estimated or actual costs incurred by the Merchant when a customer uses particular payment cards or forms of payment or the relative costs of using different general purpose payment cards or forms of payment.

Notwithstanding the foregoing, a Merchant located in the U.S. Region may not offer a discount or other benefit to a Cardholder if the Cardholder uses a particular Issuer's Card at the Point of Interaction (POI), unless the discount or other benefit is available for all other Cards of the same product type or is accessed 1) after the Transaction has been completed (for example, a credit on the billing statement or a rebate); or 2) at the time of or after the Transaction and is effected by a separate instrument and not by the Card (for example, a coupon or a voucher). A Merchant must not promote at the POI a discount or other benefit for use of a particular Issuer's Card.

### 5.11.2 Charges to Cardholders

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows, with respect to MasterCard Credit Card Transactions, as the term MasterCard Credit Card Transaction is defined herein. For all other Transactions, the global Rule applies.

#### Definitions

Solely for the purposes of Rule 5.9.2, "Discrimination" in this "Additional U.S. Region and U.S. Territory Rules" chapter, the following terms have the meanings set forth below:

1. "Cardholder" means the authorized user of a MasterCard Credit Card.
2. "Competitive Credit Card Brand" includes any brand of Credit Card or electronic credit payment form of a nationally accepted payment network other than MasterCard, specifically including without limitation Visa, American Express, Discover, and PayPal.
3. "Competitive Credit Card Brand Cost of Acceptance" is a Merchant's average Merchant Discount Rate applicable to transactions on a Competitive Credit Card Brand at the Merchant for the preceding one or twelve months, at the Merchant's option.
4. "Credit Card" means a card or other device that may be used to defer payment of debt or incur debt and defer its payment.
5. "Independent Consideration" means material value a Merchant receives specifically in exchange for the Merchant's agreement to waive or otherwise restrict its right to Surcharge transactions on a Competitive Credit Card Brand.

6. "MasterCard Credit Card" means a Credit Card bearing the MasterCard brand.
7. "MasterCard Credit Card Transaction" means a Transaction in which a MasterCard Credit Card is presented for payment and that is performed in accordance with the Standards.
8. The "Maximum Surcharge Cap" shall be no less than the product of 1.8 times the sum of the system-wide average effective U.S. domestic MasterCard Credit Card interchange rate plus average network fees (defined to include network set fees to Acquirers or Merchants associated with the processing of a Transaction or with the acceptance of the network's brand) as published from time to time.
9. "Merchant Discount Rate" is the fee, expressed as a percentage of the total transaction amount that a Merchant pays to its Acquirer or Service Provider for transacting on a Credit Card brand. For purposes of Brand-level and Product-level Surcharging, irrespective of whether the identified fees and costs are paid via the merchant discount or by check, withholding, offset, or otherwise, the Merchant Discount Rate shall include:
  - a. The interchange rate,
  - b. Network set fees associated with the processing of a transaction;
  - c. Network set fees associated with the acceptance of the network's brand;
  - d. The Acquirer set processing fees associated with the processing of a transaction; and
  - e. Any other services for which the Acquirer is paid via the mechanism of the per transaction merchant discount fee.

Other than the fees listed in (a) through (d) above, the Merchant Discount Rate excludes any fees (such as the cost of rental of point-of-sale terminal equipment) that are invoiced separately or not paid via the mechanism of the per-transaction merchant discount fee.
10. "Surcharge" means any fee charged by the Merchant for use of a Card. As set forth in this Rule 5.9.2, "Charges to Cardholders," in this "Additional U.S. Region and U.S. Territory Rules," a Merchant located in the U.S. Region or a U.S. Territory may only require a MasterCard Credit Card Cardholder to pay a Surcharge by choosing to apply either of the following Surcharge methods:
  1. Brand-level Surcharge—The application of the same Surcharge to all MasterCard Credit Card Transactions regardless of the Issuer.
  2. Product-level Surcharge—The application of the same Surcharge to all MasterCard Credit Card Transactions of the same product type regardless of the Issuer.

### 5.11.2.1 Brand-level Surcharging

#### Definitions

Solely for purposes of this Rule 5.9.11.2, "Brand-level Surcharging," the following terms have the meanings set forth below:

1. "After accounting for any discounts or rebates offered by the Merchant at the Point of Interaction (POI)" means that the amount of the Surcharge for a MasterCard Credit Card or a Competitive Credit Card Brand is to include the amount of any discount or rebate that is applied to that card or brand at the POI but which is not equally applied to all MasterCard Credit Card Transactions.

2. "MasterCard Credit Card Cost of Acceptance" is:
  - a. A percentage of the MasterCard Credit Card Transaction amount calculated based upon the average effective interchange rate plus the average of all fees imposed by the network upon Acquirers or Merchants as applicable to MasterCard Credit Card Transactions at the Merchant for the preceding one or twelve months, at the Merchant's option, or
  - b. If a Merchant cannot determine its MasterCard Credit Card Cost of Acceptance, then the Merchant may use the MasterCard Credit Card Cost of Acceptance for the Merchant's merchant category as published from time to time on the MasterCard public website.
3. "MasterCard Surcharge Cap" is the average Merchant Discount Rate applicable to MasterCard Credit Card Transactions at the Merchant for the preceding one or twelve months, at the Merchant's option.

The following requirements apply to a Merchant that chooses to impose a Surcharge at the brand level:

1. The same Surcharge must apply to all MasterCard Credit Card Transactions after accounting for any discounts or rebates offered by the Merchant on MasterCard Credit Card Transactions at the POI. A Merchant may choose to Surcharge all face-to-face and/or non-face-to-face MasterCard Credit Card Transactions.
2. The Surcharge assessed on a MasterCard Credit Card Transaction may not exceed the lesser of:
  - a. The Merchant's MasterCard Surcharge Cap, or
  - b. The Maximum Surcharge Cap, as published by MasterCard from time to time
3. The Merchant must comply with the Surcharge disclosure requirements set forth in Rule 5.9.2.3, "Requirements for Merchant Disclosure of a Surcharge at the POI," below.
4. If a Merchant's ability to Surcharge a Competitive Credit Card Brand that the Merchant accepts, in either a face-to-face or non-face-to-face environment, is limited by that Competitive Credit Card Brand in any manner other than by prohibiting a Surcharge greater than the Competitive Credit Card Brand's Cost of Acceptance, then the Merchant may Surcharge MasterCard Credit Card Transactions in accordance with (1) through (3) above pursuant to either:
  - a. The same terms under which the Competitive Credit Card Brand permits a Merchant to Surcharge transactions of the Competitive Credit Card Brand in a face-to-face or non-face-to-face environment, or
  - b. The same terms under which the Merchant actually Surcharges transactions of the Competitive Credit Card Brand, in a face-to-face or non-face-to-face environment, after accounting for any discounts or rebates offered by the Merchant at the POI to the Competitive Credit Card Brand Cards.
5. The requirements outlined in (4) above are not applicable if:
  - a. The Competitive Credit Card Brand does not prohibit or effectively prohibit surcharging Credit Cards and the Competitive Credit Card Brand Cost of Acceptance to the Merchant is less than the MasterCard Credit Card Cost of Acceptance; or

- b. The Competitive Credit Card Brand prohibits or effectively prohibits the surcharging of Credit Cards and the Merchant Surcharges the Competitive Credit Card Brand in an amount at least equal to the lesser of:
  - i. The Competitive Credit Card Brand Cost of Acceptance; or
  - ii. The amount of the Surcharge imposed on the MasterCard Credit Card Transaction to be Surcharged; or
- c. The Merchant has entered into an agreement with the Competitive Credit Card Brand which waives or limits the Merchant's right to Surcharge transactions on that Competitive Credit Card Brand and the agreement:
  - i. Is not indefinite but is for a fixed duration;
  - ii. Is unique to the Merchant, not a standard agreement generally offered by the Competitive Credit Card Brand to multiple Merchants;
  - iii. Is not a condition to the Merchant's acceptance of the Competitive Credit Card Brand, thus the Merchant must have the ability to accept the Competitive Credit Card Brand for payment if the agreement were not in place;
  - iv. Is in exchange for Independent Consideration; and
  - v. Contains a price under which the Merchant may accept Competitive Credit Card Brand transactions and surcharge those transactions up to the Merchant's Merchant Discount Rate for the Competitive Credit Card Brand after accounting for applicable discounts or rebates offered by the Merchant at the POI.

### 5.11.2.2 Product-level Surcharging

#### Definitions

Solely for purposes of this Rule 5.9.2.2, "Product-level Surcharging," the following terms have the meanings set forth below:

1. "After accounting for any discounts or rebates offered by the Merchant at the POI" means that the amount of the Surcharge for MasterCard Credit Cards of the same product type or a Competitive Credit Card Product is to include the amount of any discount or rebate that is applied to that card or product at the POI but which is not equally applied to all MasterCard Credit Card Transactions of the same product type.
2. "Competitive Credit Card Product" includes any product within a brand of Credit Card or electronic credit payment form of a nationally accepted payment network other than MasterCard, specifically including without limitation Visa, American Express, Discover, and PayPal.
3. "Competitive Credit Card Product Cost of Acceptance" means the Merchant's average effective Merchant Discount Rate applicable to transactions on the Competitive Credit Card Product at the Merchant for the preceding one or twelve months, at the Merchant's option.
4. "Debit Card Cost of Acceptance" means the amount of the cap for debit transactions established by the Board of Governors of the Federal Reserve System pursuant to 15 U.S.C. § 1690-2 and its implementing regulations or, if the Board of Governors discontinues establishing a cap for debit transactions, the merchant's average effective Merchant Discount Rate for all PIN-based debit transactions for the preceding twelve months.



5. “MasterCard Credit Card Product Cost of Acceptance” means:
  - a. The average effective interchange rate plus the average of all fees imposed by the network upon Acquirers or Merchants, expressed as a percentage of the Transaction amount, applicable to MasterCard Credit Card Transactions of a product type at the Merchant for the preceding one or twelve months, at the merchant’s option; or
  - b. If a Merchant cannot determine its MasterCard Credit Card Product Cost of Acceptance, then the Merchant may use the MasterCard Credit Card Product Cost of Acceptance for its Merchant category as published by MasterCard on the MasterCard public website.
6. The “MasterCard Credit Surcharge Cap” for a product type is the average effective Merchant Discount Rate applicable to MasterCard Credit Card Transactions of that product type at the Merchant for the preceding twelve months. At any given point in time, the actual Merchant Discount Rate paid in the time period covered by the Merchant’s most recent statement relating to MasterCard Credit Card Transactions may be deemed a proxy for this amount.

The following requirements apply to a Merchant that chooses to impose a Surcharge at the product level:

1. The same Surcharge must apply to all MasterCard Credit Card Transactions of the same product type (for example, Standard MasterCard, World MasterCard, World Elite MasterCard) after accounting for any discounts or rebates offered by the Merchant at the POI. A Merchant may choose to Surcharge all face-to-face and/or non-face-to-face MasterCard Credit Card Transactions of the same product type.
2. The Surcharge assessed on a MasterCard Credit Card Transaction may not exceed the lesser of:
  - a. The Merchant’s MasterCard Credit Surcharge Cap for that product type minus the Debit Card Cost of Acceptance, or
  - b. The Maximum Surcharge Cap, as published by MasterCard from time to time.
3. The Merchant must comply with the surcharge disclosure requirements set forth in Rule 5.9.2.3, “Requirements for Merchant Disclosure of a Surcharge at the POI,” below.
4. If a Merchant’s ability to Surcharge a Competitive Credit Card Brand that the Merchant accepts, in either a face-to-face or non-face-to-face environment, is limited by that Competitive Credit Card Brand in any manner other than by prohibiting a surcharge greater than the Competitive Credit Card Brand’s Cost of Acceptance, then the Merchant may Surcharge MasterCard Credit Card Transactions in accordance with (1) through (3) above pursuant to either:
  - a. The same terms under which the Competitive Credit Card Brand permits a Merchant to surcharge transactions of the Competitive Credit Card Brand in a face-to-face or non-face-to-face environment, or
  - b. The same terms under which the Merchant actually surcharges transactions of the Competitive Credit Card Brand, in a face-to-face or non-face-to-face environment, after accounting for any discounts or rebates offered by the Merchant at the POI on the Competitive Credit Card Brand.
5. The requirements outlined in (4) above are not applicable if:

- a. The Competitive Credit Card Brand does not prohibit or effectively prohibit surcharging Credit Cards and the Competitive Credit Card Product Cost of Acceptance to the Merchant is less than the MasterCard Credit Card Product Cost of Acceptance, or
- b. The Competitive Credit Card Brand prohibits or effectively prohibits the surcharging of Credit Cards and the Merchant surcharges the Competitive Credit Card Brand in an amount at least equal to the lesser of:
  - i. The Competitive Credit Card Brand Cost of Acceptance, or
  - ii. The amount of the Surcharge imposed on the MasterCard Credit Card Transaction to be Surcharged, or
- c. The Merchant has entered into an agreement with a Competitive Credit Card Brand which waives or limits the Merchant's right to surcharge transactions on that Competitive Credit Card Brand and the agreement:
  - i. Is not indefinite but is for a fixed duration;
  - ii. Is unique to the Merchant, not a standard agreement generally offered by the Competitive Credit Card Brand to multiple Merchants;
  - iii. Is not a condition to the Merchant's acceptance of the Competitive Credit Card Brand, the Merchant must have the ability to accept the Competitive Credit Card Brand for payment if the agreement were not in place;
  - iv. Is in exchange for Independent Consideration; and
  - v. Contains a price under which the Merchant may accept Competitive Credit Card Brand transactions and surcharge those transactions up to the Merchant's Merchant Discount Rate for the Competitive Credit Card Brand after accounting for applicable discounts or rebates offered by the Merchant at the POI.

#### **5.11.2.3 Requirements for Merchant Disclosure of a Surcharge at the POI**

1. A Merchant that chooses to Surcharge, either at the brand level or the product level, must prominently display a clear disclosure of the Merchant's Surcharge policy at the point of store entry or when conducting an e-commerce Transaction, on the first page that references Credit Card brands. The disclosure must include a statement that the Surcharge that the Merchant imposes is not greater than the Merchant's Merchant Discount Rate for MasterCard Credit Card Transactions.
2. The Merchant must provide a disclosure of the Merchant's Surcharging practices at the POI or point of sale and that disclosure must not disparage the brand, network, Issuer, or payment card product being used. A statement that the Merchant prefers or requests that a cardholder use a form of payment with lower acceptance costs does not constitute disparagement under this Rule. This disclosure must include:
  - a. The Surcharge percentage that is applied to MasterCard Credit Card Transactions;
  - b. A statement that the Surcharge is being imposed by the Merchant; and
  - c. A statement that the Surcharge is not greater than the applicable Merchant Discount Rate for MasterCard Credit Card Transactions at the Merchant.
3. A Merchant that chooses to Surcharge must provide clear disclosure of the Surcharge amount on the Transaction receipt.

#### 5.11.2.4 Merchant Notification and Acquirer Registration

A Merchant that chooses to impose a Surcharge must provide MasterCard and its Acquirer with no less than 30 days' advance written notice that the Merchant intends to impose a Surcharge on MasterCard Credit Card Transactions at either the brand level or product level.

For information about how to notify MasterCard, see [www.mastercardmerchant.com](http://www.mastercardmerchant.com). The Acquirer must register the identity of the Merchant with MasterCard within 10 days of receipt of the Merchant's notification.

#### 5.11.2.5 Transaction Requirements

The Acquirer of a Merchant that chooses to apply either a Brand-level Surcharge or a Product-level Surcharge to MasterCard Credit Card Transactions must offer to the Merchant the ability to electronically submit to the Acquirer any such Surcharge amount separately (in the defined surcharge field) from the Transaction amount in the authorization and clearing message.

The Transaction amount will include the purchase amount plus the surcharge amount. If the Merchant separately submits the Surcharge amount applied to a Transaction electronically, the Acquirer must transmit the Surcharge amount in DE 28 (Amount, Transaction Fee) of the authorization request message and in DE 54 (Amounts, Additional), subfield 5 (Additional Amount, Amount) of the clearing message. DE 54 also must contain a value of 42 (Amount, Surcharge) in subfield 2 (Additional Amount, Amount Type).

For the avoidance of doubt, a Merchant is not prohibited from applying a Brand-level or Product-level Surcharge if the Acquirer has not enabled the Merchant to electronically submit the Surcharge amount separately from the Transaction amount as set forth in this Rule 5.9.2.5, "Transaction Requirements." A Merchant that applies a Brand-level or Product-level Surcharge must disclose the Surcharge amount on the TID as set forth set forth in Rule 5.9.2.3, "Requirements for Merchant Disclosure of a Surcharge at the POI."

In the event that a Merchant provides a full or partial refund of a purchase Transaction that included a Brand-Level or Product-Level Surcharge, the refund Transaction must include the full or prorated Brand-Level or Product-Level Surcharge amount.

### 5.9.3 Minimum/Maximum Transaction Amount Prohibited

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows.

A Merchant may set a **minimum Transaction amount** to accept a MasterCard Card that provides access to a credit account, under the following conditions:

1. The minimum Transaction amount does not differentiate between Issuers; and
2. The minimum Transaction amount does not differentiate between MasterCard and another acceptance brand; and
3. The minimum Transaction amount does not exceed USD 10 (or any higher amount established by the Federal Reserve by regulation).

A Merchant may set a **maximum Transaction amount** to accept a MasterCard Card that provides access to a credit account, under the following conditions:

1. The Merchant is:

- a. A department, agency or instrumentality of the U.S. Government;
  - b. A corporation owned or controlled by the U.S. Government; or
  - c. A Merchant whose primary business is reflected by one of the following MCCs:
    - MCC 8220—Colleges, Universities, Professional Schools, Junior Colleges; or
    - MCC 8244—Schools, Business and Secretarial; or
    - MCC 8249—Schools, Trade and Vocational; and
2. The maximum Transaction amount does not differentiate between Issuers; and
  3. The maximum Transaction amount does not differentiate between MasterCard and another acceptance brand.

### **5.9.8 Disparagement**

A Merchant must not disparage the Corporation or any of the Corporation's products, programs, services, networks, or systems.

## Chapter 17 MasterCard Electronic Rules

*This chapter contains Rules applicable to the MasterCard Electronic™ brand, which supports electronically-authorized POS Transactions.*

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## MasterCard Electronic Rules

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The Standards for MasterCard Electronic consist of:

1. These MasterCard Electronic Rules; and
2. Applicable parts of the Standards for MasterCard and Maestro Activity, including without limitation those set forth in this manual, the *Transaction Processing Rules* manual, *Chargeback Guide*, the *GCMS Reference Manual*, the *Authorization Manual*, the *Customer Interface Specification* manual, the *Quick Reference Booklet*, the *Security Rules and Procedures* manual, and the *Settlement Manual*, all as amended from time to time.

### Definitions

The terms appearing in the Definitions section of this manual apply to MasterCard Electronic and are defined and used herein with respect to MasterCard Electronic accounts ("Accounts"), cards ("Cards"), cardholders ("Cardholders"), issuers ("Issuers"), acquirers ("Acquirers"), merchants ("Merchants") and transactions ("Transactions"). Any term applicable to non-authenticated non-face-to-face transactions (such as "Remote Transaction") or contactless payment functionality (such as "Contactless Transaction") does not apply to MasterCard Electronic. In addition, solely for the purposes of these MasterCard Electronic Rules, the following terms have the meanings set forth below:

#### **MasterCard Electronic Customer**

A MasterCard Customer Licensed to participate in MasterCard Electronic Activity.

#### **MasterCard Electronic Transaction**

A Transaction effected with a MasterCard Card or Account.

### Participation in MasterCard Electronic

A MasterCard Customer in good standing and located in the Asia/Pacific Region, Europe Region, Latin America and the Caribbean Region, or Middle East/Africa Region is eligible to participate in MasterCard Electronic™ Activity. Except as set forth in these MasterCard Electronic Rules, each MasterCard Electronic Customer has the same rights and obligations with respect to participation in MasterCard Electronic Activity as such Customer has with respect to its participation in MasterCard Activity.

#### **Electronically Authorized Transactions**

MasterCard Electronic endeavors to provide MasterCard Electronic Customers with electronically authorized Transactions. For purposes of these MasterCard Electronic Rules, references to "electronic authorization," "electronically authorized," "proper authorization," "properly authorized," "authorization," "authorized," and variations thereof refer to authorizations of Transactions having all of the following characteristics.

1. The authorization request was initiated with the Card, Cardholder, and Merchant agent present at the Point-of-Interaction (POI), or with a Card used at an automated fuel dispenser Merchant (MCC 5542) with PIN as the Cardholder verification method. This requirement does not apply to MasterCard® MoneySend™ Payment Transactions.

2. The Merchant requested the Issuer's authorization, regardless of the amount of the Transaction.
3. Except with respect to MasterCard® MoneySend™ Payment Transactions, the Merchant obtained the Card data for the authorization request by means of a magnetic stripe-reading or chip-reading POS Terminal.
4. The Issuer responded to the Acquirer with an electronic approval in the form of a six-digit authorization code or Transaction certificate in the Authorization Request Response/0110 message.

### **Full Universal Cardholder Authentication Field Transactions**

MasterCard Electronic endeavors to provide MasterCard Electronic Customers with electronic commerce Transactions performed with full Universal Cardholder Authentication Field (UCAF) authentication, and each MasterCard Electronic Merchant must be UCAF-enabled. For purposes of these MasterCard Electronic Rules, references to "full UCAF authentication" or "full UCAF Transaction" and variations thereof refer to the authorization of Transactions that have all of the following characteristics:

1. The Issuer and Acquirer both participate in the MasterCard® SecureCode™ program;
2. The Merchant is UCAF-enabled;
3. The Issuer provided the UCAF data for that Transaction.
4. All other e-commerce Authorization Request/0100 message requirements were satisfied; and
5. The Authorization Request Response/0110 message reflected the Issuer's approval of the Transaction.

Issuer approval of full UCAF Transactions will result in the Issuer loss of fraud-related chargeback rights under message reason codes 4837, 4849, and 4863 pursuant to the MasterCard SecureCode global liability shift program, as described in section 3.4 of the *Chargeback Guide*. Issuer approval of electronic commerce Transactions that are not full UCAF will result in the loss of all fraud-related chargeback rights for that Transaction.

### **Encoding of Cards and Card Design**

The Issuer must encode MasterCard Electronic Cards with a value of 2 (positive online authorization required) in position 2 of the service code to enable those POS Terminals that act upon service codes to always seek an electronic authorization for MasterCard Electronic Cards. MasterCard Electronic Cards must comply with the Standards set forth in Chapter 1, "Getting Started"; Chapter 2, "MasterCard"; and Chapter 6, "MasterCard Electronic" of the *Card Design Standards* manual.

A MasterCard Electronic Account must be issued with an accompanying Card and must not be issued on a Contactless Payment Device.

### **Chargebacks**

When initiating a chargeback of a MasterCard Electronic Transaction, an Issuer must include the message "MCE TRAN" in the Data Record (DE 72). The Issuer must include this message in addition to any text that applies to the particular chargeback message reason code.

### **Inadvertent Transactions**

In the event a MasterCard Merchant that is not also a MasterCard Electronic Merchant inadvertently accepts a MasterCard Electronic Card for payment in good faith and the resulting transaction (herein, an "inadvertent transaction") is submitted to the Interchange System, the following will apply:

1. The Issuer must pay to such Merchant's Acquirer the amount it would have been obligated to pay, had the inadvertent transaction been a MasterCard Transaction;
2. The Issuer will be liable to the Corporation for any MasterCard Electronic fees and assessments that would have been due had the inadvertent transaction been a MasterCard Electronic Transaction;
3. In the event that an inadvertent transaction is identified in DE 48, subelement 76 of the Authorization Request/0100 message as a "C" (MasterCard-only participant), and a dispute arises pertaining to the inadvertent transaction, the following will apply:
  - a. If the transaction is above the applicable MasterCard floor limit and a request for authorization is approved by the Issuer, the Issuer will not have chargeback rights.
  - b. If the transaction is above the applicable MasterCard floor limit and a request for authorization is made but denied by the Issuer, the MasterCard chargeback and compliance rights will apply.
  - c. If the transaction is above the applicable MasterCard floor limit and a request for authorization is not made, the MasterCard chargeback and compliance rights will apply.
  - d. If the transaction is below the applicable MasterCard floor limit and a request for authorization is approved by the Issuer, the Issuer will not have chargeback rights.
  - e. If the transaction is below the MasterCard applicable floor limit and the request for authorization is made but denied by the Issuer, the MasterCard chargeback and compliance rights will apply.
  - f. If the transaction is below the MasterCard applicable floor limit, and a request for authorization is not made, the Issuer will not have chargeback rights. If a dispute arises pertaining to that transaction, the Acquirer may substantiate that it has opted not to participate in MasterCard Electronic, as described in section 1.22.1 of the *Chargeback Guide*.
4. In the event that an inadvertent transaction is identified in DE 48, subelement 76 of the Authorization Request/0100 message as a "U" (Unidentified acquirer), and a dispute arises pertaining to the inadvertent transaction, the Issuer will have MasterCard chargeback and compliance rights.

### **ATM Terminal Access**

An Issuer holding a Cirrus License may optionally support the use of MasterCard Electronic Cards at ATM Terminals displaying the Cirrus Acceptance Mark. In such an event, the Cirrus



Brand Mark must appear on the Card back in accordance with section 2.4.4 of the *Card Design Standards* manual.

The MasterCard Electronic Acceptance Mark must not be displayed on an ATM Terminal.

### **Applicability of MasterCard Standards**

The MasterCard Standards generally apply to MasterCard Electronic, with the following exceptions and limitations:

1. Only those portions of the Standards applicable to electronically authorized Card-present Transactions or full UCAF electronic commerce Transactions apply to MasterCard Electronic Transactions.
2. A Merchant accepting MasterCard Electronic in a non-face-to-face Card-not-present Transaction environment must be UCAF-enabled and must attempt to obtain MasterCard SecureCode authentication of the Cardholder for each Transaction. Therefore, Standards relating to a Merchant conducting Transactions that arise from an Internet Website or other electronic Point-of-Interaction (POI) and the acquiring of such Transactions apply only with respect to UCAF-enabled Merchants and POI locations.
3. The only type of unattended POS Terminal (also called a Cardholder-Activated Terminal [CAT]) at which MasterCard Electronic Card acceptance is permitted is at automated fuel dispensers (MCC 5542) identified as CAT 1, which require the use of PIN as the Cardholder verification method.
4. "Split tickets" are not permitted for MasterCard Electronic Transactions. The Merchant must always include all products and services purchased in a single Transaction in one total amount on a single Transaction Information Document (TID).
5. A MasterCard Electronic Card Program cannot be issued as a Remote Transaction MasterCard Account type of Special Issuer Program.
6. A MasterCard Electronic Customer is not obligated to issue MasterCard Electronic Cards.
7. Rules applicable to Contactless Transactions do not apply to MasterCard Electronic.
8. A MasterCard Electronic Account may be used in a MasterCard® MoneySend™ Payment Transaction, but not in any other type of Payment Transaction.
9. MasterCard Electronic is not available in the United States Region. Therefore, Chapter 14, "United States Region" of this manual does not apply to MasterCard Electronic.

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## Chapter 18 MasterCard Mobile Rules

*This chapter contains Rules applicable to the MasterCard® Mobile brand, which supports participation in MasterCard Mobile Remote Payment (MMRP) and other MasterCard Mobile products.*

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## MasterCard Mobile Rules

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The Standards for MasterCard Mobile consist of:

1. These MasterCard Mobile Rules;
2. Applicable parts of the Standards for MasterCard and Maestro Activity set forth in this manual, including without limitation those set forth in this manual, the *Transaction Processing Rules* manual, *Chargeback Guide*, the *GCMS Reference Manual*, the *Authorization Manual*, the *Customer Interface Specification* manual, the *Single Message System Specifications* manual and related documentation, and *Security Rules and Procedures* manual, all as amended from time to time; and
3. The *MasterCard Mobile Remote Payment Program Guide*, *MMSM Service Manager—Service Guide*, and *MMSM Gateway—Service Guide*, all as amended from time to time.

### Definitions

The terms appearing in the Definitions section of this manual are defined and used herein with respect to MasterCard Mobile cardholders (“Cardholders”), issuers (“Issuers”), acquirers (“Acquirers”), merchants (“Merchants”) and transactions (“Transactions”). As used in these MasterCard Mobile Rules, the following terms replace those appearing in the Definitions section:

#### **Maestro Account**

Any type of eligible account, as defined in Rule 6.1.3.2, or a MasterCard Mobile account held by the Issuer on behalf of the Mobile Network Operator (MNO), that is maintained by or on behalf of a Cardholder with an Issuer to fund Transactions. A Maestro Account is identified with a BIN/IIN associated with a Portfolio designated by the Corporation as a Maestro Portfolio in its routing tables.

#### **MasterCard Account**

Any type of account (credit, debit, prepaid, etc.), including a MasterCard Mobile account held by the Issuer on behalf of the Mobile Network Operator (MNO), that is maintained by or on behalf of a Cardholder with an Issuer for the processing of Transactions, and which is identified with a primary account number (PAN) that begins with a BIN in the range of 510000 to 559999.

In addition, solely for the purposes of these MasterCard Mobile Rules, the following terms have the meanings set forth below:

#### **MasterCard Mobile Acceptance Mark**

The MasterCard Mobile Acceptance Mark is a combined mark, which includes the MasterCard Brand Mark (with the ® symbol) in a precise lockup with the Mobile word mark, the country designator (where applicable), and the custom mobile device graphic. These elements are placed on a modified gradient interpretation of the MasterCard Dark Blue Acceptance Rectangle. The Acceptance Mark is used on merchant acceptance decals, and in other acceptance-related communications.

### **MasterCard Mobile Customer**

A MasterCard Customer or Maestro Customer Licensed to participate in MasterCard Mobile Activity.

### **MasterCard Mobile Identifier**

The MasterCard Mobile Identifier is a combined mark, which includes the MasterCard Brand Mark (with the ® symbol) in a precise lockup with the Mobile word mark, the country designator (where applicable), and the custom mobile device graphic. The Identifier is used for all non-acceptance-related marketing communications.

### **MasterCard Mobile License, Licensed**

The contract between the Corporation and a Customer granting the Customer the right to use the MasterCard Mobile Marks in accordance with the Standards. To be “Licensed” means to have such a right pursuant to a MasterCard Mobile License.

### **MasterCard Mobile Licensee**

A Customer or other person authorized in writing by the Corporation to use the MasterCard Mobile Marks.

### **MasterCard Mobile Merchant Agreement**

An agreement between a Merchant and a Customer that sets forth the terms pursuant to which the Merchant is authorized to accept payments initiated by means of MMRP Transactions.

### **MasterCard Mobile Remote Payment**

A payment functionality initiated by an enrolled Cardholder from a Cardholder-controlled mobile device that is registered with the Issuer or its MMRP Service Manager and used for entry of the Cardholder’s PIN or mobile-specific credentials (m-PIN).

### **MasterCard Mobile Remote Payment (MMRP) Service Manager**

An entity that is registered by an Issuer or Acquirer as a Service Provider to effect Issuer Domain MMRP Transactions or Acquirer Domain MMRP Transactions, and which may perform services including but not limited to consumer registration, cardholder validation, identity mapping to Account numbers, and cardholder notification. MMRP Service Manager must be PCI-compliant and accredited by the Corporation.

### **MasterCard Mobile Remote Payment (MMRP) Transaction**

A POS Transaction is a financial Transaction that is initiated and authenticated by an enrolled Cardholder using the MasterCard Mobile Remote Payment functionality on the Cardholder’s Mobile Device for purposes of effecting payment to a MasterCard Mobile Merchant.

The MasterCard transaction processing requirements, as set forth in the *Transaction Processing Rules* manual, *Authorization Manual*, *Customer Interface Specifications*, *IPM Clearing Formats*, the *MMRP Program Guide*, and other Standards, apply to an MMRP Transaction effected through the use of a MasterCard Account.

The Maestro transaction processing requirements, as set forth in the *Transaction Processing Rules* manual, *Single Message System Specifications*, the *MMRP Program Guide*, and other Standards, apply to an MMRP Transaction effected through the use of a Maestro Account.

### **Mobile Device**

A Cardholder-controlled mobile device used:

1. For the effecting of Issuer Domain MMRP Transactions authenticated with the Card PIN (c-PIN) or mobile-specific credentials (m-PIN); or
2. For the effecting of Acquirer Domain MMRP Transaction authenticated with mobile-specific credentials (m-PIN). Within the Acquirer Domain, the Card PIN (c-PIN) is not allowed to be used.

### **Participation in MasterCard Mobile**

A MasterCard Customer or Maestro Customer located in a country where MasterCard Mobile Remote Payment is supported is eligible to participate in MasterCard Mobile Activity. Except as set forth in these MasterCard Mobile Rules, each MasterCard Mobile Customer has the same rights and obligation with respect to participation in MasterCard Mobile Activity as such Customer has with respect to its participation in MasterCard Activity or Maestro Activity, as applicable.

### **MasterCard Mobile Remote Payment**

The Rules in this chapter and the requirements in the following manuals apply to participation in MasterCard Mobile Remote Payment.

- *MasterCard Mobile Remote Payment Program Guide*
- *MMSM Service Manager—Service Guide*
- *MMSM Gateway—Service Guide*

Refer to regional and/or country-specific bulletins for announcements relating to support for MMRP Transactions in a particular region or country.

### **Use of an MMRP Service Manager**

Before a MasterCard Mobile Customer may use an MMRP Service Manager to perform MasterCard Mobile Remote Payment Program Service, the MasterCard Mobile Customer must register the MMRP Service Manager as its Service Provider as set forth in Rule 7.8 of this manual.

The MasterCard Mobile Customer must ensure that each of its MMRP Service Managers complies with all applicable Standards, including the branding requirements and the security requirements and guidelines for MasterCard Mobile Remote Payment.

### **Issuer Domain MasterCard Mobile Remote Payment**

An “Issuer Domain MMRP Transaction” is conducted pursuant to a program in which the Issuer usually provides the offering and controls the registration of Cardholders who wish to participate. At the time of the MMRP Transaction, the Issuer or its Service Manager verifies the Cardholder’s registration and the Cardholder is authenticated by means of credentials

delivered at the time of registration and transaction initiation, verifiable by the Issuer or the Service Manager.

Each MasterCard Mobile Customer proposing to support Issuer Domain MMRP Transactions must comply with the requirements set forth in this section.

### **Issuer Domain MMRP—Issuer Responsibilities**

An Issuer that offers Issuer Domain MMRP Transactions must:

1. Provide a Cardholder that wishes to participate in Issuer Domain MMRP Transactions, and that is approved by the Issuer to participate, with a PAN. For a Maestro Account, the PAN must be 13 to 19 digits in length. A MasterCard Account PAN must start with a BIN, and may be one that is currently used by the Issuer. The Issuer may optionally use a “pseudo” PAN (meaning a PAN that is different from the PAN displayed on the Cardholder’s physical Card, if any). If a pseudo PAN is used, it must be static;
2. Complete the expiration date field. This four-digit field may be used for the actual expiration date of the Card, which must not exceed five years. The format of the field is as follows:
  - a. The first two digits must be a value between 01 and 12; and
  - b. Value of the next two digits must not be equivalent to more than five years after the Transaction year;
3. Comply with MasterCard Mobile Remote Payment branding requirements;
4. Ensure that its authorization system provides a valid response code as identified in the authorization message. “Call Me” is not a permitted response. MMRP Transactions may be approved or declined only; and
5. Implement security techniques between the Cardholder’s Mobile Device and the Issuer server to guard against unauthorized MMRP Transactions.

In addition, the Issuer must provide implementation, registration, and instructions for Cardholders or delegate a specific implementation and registration function to a Service Provider.

An Issuer may choose to implement mobile-specific credentials and a method of generating an Accountholder Authentication Value (AAV), as an alternative to using card PIN as the CVM for Issuer Domain Mobile Remote Payment Transactions. If an Issuer chooses to implement this method, it must provide clear communication to the Cardholder regarding the process to conduct an Issuer Domain Mobile Remote Payment Transaction without the use of card PIN as the CVM. Refer to the *MasterCard Mobile Remote Payment Program Guide* for additional information.

An MMRP Transaction must not be effected using contactless payment functionality.

### **Issuer Domain MMRP—Acquirer Responsibilities**

An Acquirer that is a MasterCard Mobile Customer in MasterCard Mobile Remote Payment for Issuer Domain MMRP Transactions must:

1. Support the passing of UCAF data with the AAV to the Interchange System;
2. Support Account Status Inquiry Service authorization request messages; and

3. Properly identify each MMRP Transaction.

#### **Acquirer Domain MasterCard Mobile Remote Payment**

An “Acquirer Domain MMRP Transaction” is conducted pursuant to a program in which the Acquirer provides the offering and controls the registration of Cardholders who wish to participate. At the time of the MMRP Transaction, the Acquirer or its Service Manager verifies the Cardholder’s registration and the Cardholder is authenticated by means of credentials delivered at the time of registration and transaction initiation, verifiable by the Service Manager. Authentication is performed using m-PIN only credentials.

Each MasterCard Mobile Customer proposing to support Acquirer Domain MMRP Transactions must comply with the requirements set forth in this section.

#### **Acquirer Domain MMRP—Issuer Responsibilities**

The Issuer must be able to recognize properly identified Acquirer Domain MMRP Transactions. If an Acquirer Domain MMRP Transaction is reported as a fraudulent Transaction, and the Remote Payments Program Type value of 2 (Acquirer Domain) was present in Data Element 48, subelement 48, subfield 1 (Mobile Program Indicators), the Issuer will have a chargeback right.

#### **Acquirer Domain MMRP—Acquirer Responsibilities**

An Acquirer that is a MasterCard Mobile Customer in MasterCard Mobile Remote Payment for Acquirer Domain MMRP Transactions must:

1. Provide implementation and registration for Merchants and Cardholders or delegate a specific implementation and registration function to the MMRP Service Manager. Such implementation must include the use of mobile-specific credentials (m-PIN) as the Cardholder verification method (CVM), and clear communication to Cardholders regarding the process for conducting an Acquirer Domain MMRP Transaction; and
2. Properly identify each MMRP Transaction.

### **Service Manager Requirements**

The Customer must ensure that the MMRP Service Manager acting on its behalf.

1. Provides clear instructions on how to obtain a mailing address and a contact telephone number or email address for Cardholder queries resulting from MMRP Transactions. This information may be provided in the confirmation message, but must be readily accessible to a Cardholder for at least 90 days after the last day on which a Transaction was performed;
2. Has the capability to accept PANs between 13 and 19 digits in length;
3. Provides a means for a Cardholder to confirm a MMRP Transaction via the Mobile Device. This confirmation means must be provided to the Cardholder before the Transaction has been completed and any charge levied;
4. Provides a confirmation of payment message after the Cardholder confirms the MMRP Transaction. The confirmation message must include Transaction date, Transaction amount, Merchant reference, unique Transaction reference, and contact details for Cardholder inquiries; and

5. Ensures that information provided on any electronic acknowledgement of the Cardholder's order is in compliance with all other requirements for a MMRP Transaction receipt.

### **ATM Terminal Access**

The MasterCard Mobile Acceptance Mark must not be displayed on an ATM Terminal.

### **Applicability of MasterCard and Maestro Standards**

The MasterCard and Maestro Standards apply to MasterCard Mobile, with the following exceptions and limitations:

1. A Customer must receive from the Corporation written consent to extend or otherwise modify the Area of Use of a MasterCard Mobile License. An application for such consent must be made in the form and include all information then required. If the application is approved, the Corporation will amend the MasterCard Mobile License to reflect the change in the Area of Use.
2. A MasterCard Mobile Customer is not obligated to issue MasterCard Mobile Cards.
3. Each Acquirer must acquire all MMRP Transactions properly presented to it from a registered MMRP Service Manager or MasterCard Mobile Service Manager (MMSM) for the purpose of performing MasterCard Mobile Remote Payment Program Service.
4. The Standards applicable to presentation of a Card to a Merchant in a face-to-face environment do not apply to MMRP Transactions. While conducted with the Cardholder and Merchant representative present, MMRP Transactions do not involve the presentation of a Card to a Merchant nor the transfer to Account data to a Merchant.
5. Rules applicable to Contactless Transactions, Payment Transactions, MasterCard® MoneySend™ Payment Transactions, or Transactions conducted in a non-face-to-face environment do not apply to MasterCard Mobile.



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## Appendix A Geographic Regions

*This appendix provides listings of geographic regions.*

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## Asia/Pacific Region

The Asia/Pacific Region includes the following countries or territories.

American Samoa	Myanmar
Australia	Nauru
Bangladesh	Nepal
Bhutan	New Caledonia
Brunei Darussalam	New Zealand
Cambodia	Niue
China	Norfolk Island
Christmas Island	Northern Mariana Islands
Cocos (Keeling) Islands	Palau
Cook Islands	Papua New Guinea
Fiji	Philippines
French Polynesia	Pitcairn
Guam	Samoa
Heard and McDonald Islands	Singapore
Hong Kong	Solomon Islands
India	Sri Lanka
Indonesia	Taiwan
Japan	Thailand
Kiribati	Timor-Leste
Korea, Republic of	Tokelau
Lao People's Democratic Republic	Tonga
Macao	Tuvalu
Malaysia	U.S. Minor Outlying Islands
Maldives	Vanuatu
Marshall Islands	Viet Nam
Micronesia, Federated States of	Wallis and Futuna

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Mongolia

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## Canada Region

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The Canada Region is composed of Canada.

## Europe Region

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The Europe Region includes the following countries or territories.

Albania	Greece	Norway <sup>1</sup>
Andorra	Greenland	Poland
Antarctica	Hungary	Portugal
Armenia	Iceland	Romania
Austria	Ireland	Russian Federation
Azerbaijan	Isle of Man	San Marino
Belarus	Israel	Serbia
Belgium	Italy	Slovakia
Bosnia and Herzegovina	Kazakhstan	Slovenia
Bulgaria	Kosovo	Spain
Channel Islands <sup>2</sup>	Kyrgyzstan	St. Helena, Ascension and Tristan Da Cunha
Croatia	Latvia	Sweden
Cyprus	Liechtenstein	Switzerland
Czech Republic	Lithuania	Tajikistan
Denmark <sup>3</sup>	Luxembourg	Turkey
Estonia	Macedonia	Turkmenistan
Finland <sup>4</sup>	Malta	Ukraine

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<sup>1</sup> Includes Svalbard and Jan Mayen.

<sup>2</sup> Includes Guernsey and Jersey.

<sup>3</sup> Includes Faroe Islands.

<sup>4</sup> Includes Aland Islands.

France <sup>5</sup>	Moldova	United Kingdom <sup>6</sup>
Georgia	Monaco	Uzbekistan
Germany	Montenegro	Vatican City
Gibraltar	Netherlands	

Changes in allegiance or national affiliation of a part of any of the countries listed in this appendix shall not affect the geographic coverage of the definition.

### Single European Payments Area (SEPA)

The Single European Payments Area includes the following countries or territories.

Andorra	Gibraltar	Netherlands
Antarctica	Greece	Norway <sup>7</sup>
Austria	Greenland	Poland
Belgium	Hungary	Portugal <sup>8</sup>
Bulgaria	Iceland	Romania
Channel Islands <sup>9</sup>	Ireland	Saint Helena, Ascension and Tristan da Cunha
Croatia	Isle of Man	San Marino
Cyprus	Italy	Slovakia
Czech Republic	Latvia	Slovenia
Denmark <sup>10</sup>	Liechtenstein	Spain <sup>11</sup>
Estonia	Lithuania	Sweden
Finland <sup>12</sup>	Luxembourg	Switzerland
France <sup>13</sup>	Malta	United Kingdom <sup>14</sup>

<sup>5</sup> Includes Mayotte, Guadeloupe, Martinique, French Guiana, St. Martin, and St. Barthélemy.

<sup>6</sup> Includes Falkland Islands and Malvinas.

<sup>7</sup> Includes Svalbard and Jan Mayen

<sup>8</sup> Includes Azores and Madeira

<sup>9</sup> Includes Guernsey and Jersey

<sup>10</sup> Includes Faroe Islands

<sup>11</sup> Includes Canary Islands, Ceuta and Melilla

<sup>12</sup> Includes Aland Islands

<sup>13</sup> Includes Mayotte, Guadeloupe, Martinique, French Guiana, St. Martin (French Part), Réunion, and St. Barthélemy

<sup>14</sup> Includes Falkland Islands (Malvinas), South Georgia and South Sandwich Islands

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Germany	Monaco	Vatican City
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### Non-Single European Payments Area (Non-SEPA)

Effective for Transactions processed on or after 1 July 2015, the Non-Single European Payments Area includes the following countries or territories.

Albania	Macedonia
Armenia	Moldova
Azerbaijan	Montenegro
Belarus	Russian Federation
Bosnia and Herzegovina	Serbia
Georgia	Tajikistan
Israel	Turkey
Kazakhstan	Turkmenistan
Kosovo	Ukraine
Kyrgyzstan	Uzbekistan

### Latin America and the Caribbean Region

The Latin America and the Caribbean Region includes the following countries or territories.

Anguilla	Curacao	Paraguay
Antigua and Barbuda	Dominica	Peru
Argentina	Dominican Republic	Puerto Rico
Aruba	Ecuador	St. Kitts-Nevis
Bahamas	El Salvador	St. Lucia
Barbados	Grenada	St. Maarten
Belize	Guatemala	St. Vincent and the Grenadines
Bermuda	Guyana	Suriname
BES Islands <sup>15</sup>	Haiti	Trinidad and Tobago

<sup>15</sup> Bonaire, St. Eustatius and Saba.

Bolivia	Honduras	Turks and Caicos Islands
Brazil	Jamaica	Uruguay
Cayman Islands	Mexico	Venezuela
Chile	Montserrat	Virgin Islands, British
Colombia	Nicaragua	Virgin Islands, U.S.
Costa Rica	Panama	

## Middle East/Africa Region

The South Asia/Middle East/Africa Region includes the following countries or territories.

Afghanistan	Gambia	Pakistan
Algeria	Ghana	Palestine
Angola	Guinea	Qatar
Bahrain	Guinea-Bissau	Reunion
Benin	Iraq	Rwanda
Botswana	Jordan	Sao Tome and Principe
Bouvet Island	Kenya	Saudi Arabia
British Indian Ocean Territory	Kuwait	Senegal
Burkina Faso	Lebanon	Seychelles
Burundi	Lesotho	Sierra Leone
Cameroon	Liberia	Somalia
Cape Verde	Libyan Arab Jamahiriya	South Africa
Central African Republic	Madagascar	Swaziland
Chad	Malawi	Syrian Arab Republic
Comoros	Mali	Tanzania
Congo	Mauritania	Togo
Côte D'Ivoire	Mauritius	Tunisia
Democratic Republic of the Congo	Morocco	Uganda

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Djibouti	Mozambique	United Arab Emirates
Egypt	Namibia	Western Sahara
Equatorial Guinea	Niger	Yemen
Eritrea	Nigeria	Zambia
Ethiopia	Oman	Zimbabwe
Gabon		

## United States Region

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The United States Region is composed of the United States.

---

## Appendix B Compliance Zones

*The following table identifies the noncompliance category that the Corporation has assigned to the Standards described within this manual.*

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Compliance Zones..... 257



## Compliance Zones

These noncompliance categories are assigned for the purposes of noncompliance assessments under the compliance framework in Rule 2.1.4.

<b>Rule Number</b>	<b>Rule Title</b>	<b>Category</b>
1.1	Eligibility to be a Customer	A
1.2	MasterCard Anti-Money Laundering Program	A
1.3	Satisfaction of Minimum Financial Requirements	A
1.4	Special Conditions of Participation, License or Activity	A
1.5	Interim Participation	A
1.6	The License	A
1.6.1	SEPA Licensing Program	A
1.7	Area of Use of the License	A
1.8	The Digital Activity Agreement	A
1.9	Participation in Activity and Digital Activity	A
1.10	Participation in Competing Networks	A
1.11	Portfolio Sale, Transfer, or Withdrawal	A
1.12	Change of Control of Customer or Portfolio	A
1.13	Termination	A
2.1.5	Certification	C
2.1.8	Rules Applicable to Intracountry Transactions	C
2.1.9	Communication of Intracountry Fallback Rules	C
2.2	Conduct of Activity and Digital Activity	A
2.5	Examination and Audit	A
3.1	Obligation to Issue MasterCard Cards	A
3.2	Responsibility for Transactions	A
3.3	Transaction Requirements	A
3.4	Authorization Service	A
3.5	Non-discrimination—POS Transactions	A

<b>Rule Number</b>	<b>Rule Title</b>	<b>Category</b>
3.6	Non-discrimination—ATM and PIN-based In-Branch Terminal Transactions	A
3.7	Integrity of Brand and Network	A
3.8	Fees, Assessments, and Other Payment Obligations	A
3.9	Obligation of Customer to Provide Information	C
3.10	Confidential Information of Customers	A
3.12	Confidential Information of the Corporation and the Corporation's Affiliates	A
3.13	Data Protection	A
3.14	Quarterly MasterCard Report (QMR)	C
3.15	Cooperation	B
3.16	Responsibility for Digital Activity—Wallet Token Requestors	A
4.1	Right to Use the Marks	A
4.1.1	Protection and Registration of the Marks	B
4.1.1.1	Registration of a Card Design	B
4.1.2	Misuse of a Mark	B
4.2	Requirements for Use of a Mark	B
4.4	Signage System	B
4.5	Use of the Interlocking Circles Device	B
4.6	Use of Multiple Marks	B
4.7	Particular Uses of a Mark	B
4.8	Use of Marks on Maestro and Cirrus Cards	A
4.9	Use of Marks on MasterCard Cards	B
4.10	Use of a Card Design in Merchant Advertising and Signage	B
4.11	Use of a Card Design in Issuer Advertising and Marketing Material	B
4.12	Use of the MasterCard Card Design in Cardholder Statement Enclosures	B
4.13	Use of the Brand Marks on Other Cards	B
5.1	The Merchant Agreement and ATM Owner Agreements	A
5.1.1	Verify Bona Fide Business Operation	A

---

<b>Rule Number</b>	<b>Rule Title</b>	<b>Category</b>
5.1.2	Required Merchant Agreement Terms	A
5.1.2.1	Gambling Merchants	A
5.1.3	Required ATM Owner Agreement Terms	A
5.1.4	Maintaining Information	C
5.2	Merchant and Submerchant Compliance with the Standards	A
5.3	Acquirer Obligations to Merchants	B
5.4	Merchant Location	A
5.5	Submerchant Location	A
5.6	Responsibility for Transactions	B
5.7	Transaction Message Data	A
5.8	Transaction Currency Information	A
5.9	Use of the Marks	B
5.10	Merchant Obligations for Acceptance	A
5.10.1	Honor All Cards	A
5.10.2	Merchant Acceptance of MasterCard Cards	A
5.10.3	Obtain an Authorization	A
5.10.4	Additional Cardholder Identification	B
5.10.5	Discounts or Other Benefits at the Point of Interaction	B
5.11	Prohibited Practices	A
5.11.1	Discrimination	A
5.11.2	Charges to Cardholders	B
5.11.3	Minimum/Maximum Transaction Amount Prohibited	B
5.11.4	Scrip-dispensing Terminals	A
5.11.5	Existing MasterCard Cardholder Obligations	A
5.11.6	Cardholder Right of Dispute	B
5.11.7	Illegal or Brand-damaging Transactions	A
5.11.8	Disparagement	A
5.12	Valid Transactions	A
5.13	Sale or Exchange of Information	A

<b>Rule Number</b>	<b>Rule Title</b>	<b>Category</b>
6.1	Card Issuance—General Requirements	A
6.1.5	Cardholder Communications	B
6.2	Issuer Responsibilities to Cardholders	B
6.3	Limitation of Liability of Cardholders for Unauthorized Use	B
6.4	Selective Authorization	B
6.6	Affinity and Co-Brand Card Programs	A
6.6.1	Ownership and Control of the Program	A
6.6.2	Use of the Acceptance Marks	B
6.7	Brand Value Transactions and Proprietary Accounts	A
6.7.1	Proprietary Account Access	A
6.7.2	Use of BVT and Proprietary Accounts on a MasterCard Card	A
6.7.3	Fees and Reporting Requirements	C
6.8	Remote Transaction MasterCard Accounts	A
6.9	Secured Card Programs	B
6.10	Youth Card Programs	A
6.11	Prepaid Card Programs	A
6.12	Maestro Chip—only Card Programs—Europe Region Only	A
7.1	Service Provider Categories	A
7.2	The Program and Performance of Program Service	A
7.2.1	Customer Responsibility and Control	A
7.2.2	Notification to the Corporation	A
7.2.3	Program Service Agreement	A
7.2.4	Disclosure of Standards	C
7.2.5	Customer Point of Contact	B
7.2.6	Use of the Marks	B
7.2.7	Service Provider Identification on a Card	B
7.2.8	Program Materials	B
7.2.9	Fees	B
7.2.10	Settlement Failure Obligation	A

<b>Rule Number</b>	<b>Rule Title</b>	<b>Category</b>
7.2.11	Data Security	A
7.3	Access to Merchant Account	A
7.4	Transfer of Rights Prohibited	A
7.5	Use of the Corporation's Systems and Confidential Information	A
7.6.1	Merchant Agreement	A
7.6.2	Collection of Funds from a Merchant	A
7.6.3	Access to Documentation	C
7.6.4	Authority to Terminate Merchant Agreement or ATM Owner Agreement	A
7.7.1	Card Application Approval	A
7.7.2	Cardholder Agreement	B
7.7.3	Program Payments	A
7.7.4	Program Receivables	A
7.8	Payment Facilitator Obligations	A
7.18	Termination of Program Service Agreement or De-registration	A
7.20	Audits	C
8.2	Net Settlement	A
8.3	Interchange and Service Fees	A
8.4	Establishment of Intracountry Interchange and Service Fees	A
8.5	Failure of a Principal or Association to Discharge a Settlement Obligation	A
8.6	Settlement Liability for Debit Licensees	A
8.7	Settlement Liability for Type I TPPs that Sponsor Affiliates	A
8.8	System Liquidity	A
8.9	Liability for Owned or Controlled Entities	A
8.10	Risk of Loss	A
8.11	Loss Allocation Among Customers	A
ME	Participation in MasterCard Electronic	A
ME	Encoding of Cards and Card Design	B
ME	Chargebacks	B

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<b>Rule Number</b>	<b>Rule Title</b>	<b>Category</b>
ME	Inadvertent Transactions	B
ME	ATM Terminal Access	B
MM	Participation in MasterCard Mobile	A
MM	Use of an MMRP Service Manager	A
MM	Issuer Domain MMRP—Issuer Responsibilities	B
MM	Issuer Domain MMRP—Acquirer Responsibilities	B
MM	Acquirer Domain MMRP—Issuer Responsibilities	B
MM	Acquirer Domain MMRP—Acquirer Responsibilities	B
MM	Service Manager Requirements	A
MM	ATM Terminal Access	B

## Appendix C Definitions

*The following terms as used in this manual have the meanings set forth below.*

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Additional and/or revised terms may also be used for purposes of the Rules in a particular chapter or section of this manual.

## Acceptance Mark

---

Any one of the Corporation's Marks displayed at a POI to indicate brand acceptance. See Cirrus Acceptance Mark, Maestro Acceptance Mark, MasterCard Acceptance Mark.

## Access Device

---

A device other than a Card that uses at least one Payment Application to provide access to an Account in compliance with the Standards. A Contactless Payment Device is a type of Access Device. A Cirrus Access Device, Maestro Access Device, and MasterCard Access Device is each an Access Device. *Also see* Mobile Payment Device.

## Account

---

An account maintained by or on behalf of a Cardholder by an Issuer for the processing of Transactions, and which is identified with a bank identification number (BIN) or Issuer identification number (IIN) designated by the Corporation in its routing tables for routing to the Interchange System. *Also see* Cirrus Account, Maestro Account, MasterCard Account.

## Account PAN

---

The primary account number (PAN) allocated to an Account by an Issuer.

## Account PAN Range

---

The range of Account PANs designated by an Issuer for Digitization.

## Acquirer

---

A Customer in its capacity as an acquirer of a Transaction.

## Activity(ies)

---

The undertaking of any act that can be lawfully undertaken only pursuant to a License granted by the Corporation. *Also see* Digital Activity(ies).

## **Affiliate Customer, Affiliate**

---

A Customer that participates indirectly in Activity through the Sponsorship of a Principal or, solely with respect to MasterCard Activity, through the Sponsorship of an Association. An Affiliate may not Sponsor any other Customer.

## **Area of Use**

---

The country or countries in which a Customer is Licensed to use the Marks and conduct Activity, and, as a rule, set forth in the License or in an exhibit to the License.

## **Association Customer, Association**

---

A MasterCard Customer that participates directly in MasterCard Activity using its assigned BINs and which may Sponsor one or more MasterCard Affiliates but may not directly issue MasterCard Cards or acquire MasterCard Transactions without the express prior written consent of the Corporation.

## **ATM Access Fee**

---

A fee charged by an Acquirer in connection with a cash withdrawal or Shared Deposit Transaction initiated at the Acquirer's ATM Terminal with a Card, and added to the total Transaction amount transmitted to the Issuer.

## **ATM Owner Agreement**

---

An agreement between an ATM owner and a Customer that sets forth the terms pursuant to which the ATM accepts Cards.

## **Automated Teller Machine (ATM)**

---

An unattended self-service device that performs basic banking functions such as accepting deposits, cash withdrawals, ordering transfers among accounts, loan payments and account balance inquiries.

## **ATM Terminal**

---

An ATM that enables a Cardholder to effect a Transaction with a Card in accordance with the Standards.

## ATM Transaction

---

A cash withdrawal effected at an ATM Terminal with a Card and processed through the MasterCard ATM Network. An ATM Transaction is identified with MCC 6011 (Automated Cash Disbursements—Customer Financial Institution).

## Brand Fee

---

A fee charged for certain Transactions not routed to the Interchange System.

## Brand Mark

---

A Word Mark as a custom lettering legend placed within the Corporation's interlocking circles device. The MasterCard Brand Mark, Maestro Brand Mark, and Cirrus Brand Mark is each a Brand Mark.

## Card

---

A card issued by a Customer pursuant to License and in accordance with the Standards and that provides access to an Account. Unless otherwise stated herein, Standards applicable to the use and acceptance of a Card are also applicable to an Access Device and, in a Card-not-present environment, an Account. A Cirrus Card, Maestro Card, and MasterCard Card is each a Card.

## Cardholder

---

The authorized user of a Card or Access Device issued by a Customer.

## Cardholder Communication

---

Any communication by or on behalf of an Issuer to a Cardholder or prospective Cardholder. A Solicitation is one kind of Cardholder Communication.

## Cardholder Verification Method (CVM)

---

A process used to confirm that the person presenting the Card is the genuine Cardholder. The Corporation deems the following to be valid CVMs when conducted in accordance with the Standards:

- The comparison, by the Merchant or Acquirer accepting the Card, of the signature on the Card's signature panel with the signature provided on the Transaction receipt by the person presenting the Card;
- The comparison, by the Card Issuer or the EMV chip on the Card, of the value entered on a Terminal's PIN pad with the personal identification number (PIN) given to or selected by the Cardholder upon Card issuance; and
- On-Device Cardholder Verification

In certain Card-present environments, a Merchant may complete the Transaction without a CVM ("no CVM" as the CVM), such as in Quick Payment Service (QPS) Transactions, Contactless Transactions less than or equal to the CVM limit, and Transactions at an unattended POS Terminal identified as Cardholder-activated Terminal (CAT) Level 2 or Level 3.

## **Chip Card (Smart Card, Integrated Circuit Card, IC Card, or ICC)**

---

A Card with an embedded EMV-compliant chip containing memory and interactive capabilities used to identify and store additional data about a Cardholder, an Account, or both.

## **Chip-only MPOS Terminal**

---

An MPOS Terminal that has a contact chip reader and no magnetic stripe-reading capability and that must:

1. Operate as an online-only POS Terminal for authorization purposes;
2. Support either signature or No CVM Required as a Cardholder verification method, and may also support PIN verification if conducted by means of a PIN entry device (PED) that is in compliance with the Payment Card Industry (PCI) POS PED Security Requirements and Evaluation Program; and
3. Otherwise comply with the Corporation's requirements for Hybrid POS Terminals.

## **Chip Transaction**

---

A Contact Chip Transaction or a Contactless Transaction.

## **Cirrus Acceptance Mark**

---

A Mark consisting of the Cirrus Brand Mark placed on the dark blue acceptance rectangle, available at [www.mastercardbrandcenter.com](http://www.mastercardbrandcenter.com).

## **Cirrus Access Device**

---

An Access Device that uses at least one Cirrus Payment Application to provide access to a Cirrus Account when used at an ATM Terminal or PIN-based In-Branch Terminal.

## **Cirrus Account**

---

An account eligible to be a Cirrus Account, as set forth in Rule 6.1.3.2 of the *MasterCard Rules* manual, and identified with a BIN/IIN associated with a Portfolio designated by the Corporation as a Cirrus Portfolio in its routing tables.

## **Cirrus Brand Mark**

---

A Mark consisting of the Cirrus Word Mark as a custom lettering legend placed within the Corporation's interlocking circles device. The Corporation is the exclusive owner of the Cirrus Brand Mark.

## **Cirrus Card**

---

A Card that provides access to a Cirrus Account.

## **Cirrus Customer**

---

A Customer that has been granted a Cirrus License in accordance with the Standards.

## **Cirrus Payment Application**

---

A Payment Application that stores Cirrus Account data.

## **Cirrus Word Mark**

---

A Mark consisting of the word "Cirrus" followed by a registered trademark<sup>®</sup> or <sup>™</sup> symbol (depending on its trademark status in a particular country) or the local law equivalent. "Cirrus" must appear in English and be spelled correctly, with the letter "C" capitalized. "Cirrus" must not be abbreviated, hyphenated, used in the plural or possessive, or translated from English into another language. The Corporation is the exclusive owner of the Cirrus Word Mark.



## Competing ATM Network

---

A Competing International ATM Network or a Competing North American ATM Network, as the case may be.

## Competing International ATM Network

---

A network of ATMs and payment cards, other than the Corporation, identified by a common brand mark that is used exclusively or primarily for ATM interchange that:

1. Operates in at least three countries;
2. Uses a common service mark or marks to identify the ATMs and payment cards which provide account access through it; and
3. Provides account access to at least 40,000,000 debit cards and by means of at least 25,000 ATMs.

## Competing EFT POS Network

---

A network, other than any network owned and operated by the Corporation, which provides access to Maestro Accounts at POS Terminals by use of payment cards and has the following characteristics:

1. It provides a common service mark or marks to identify the POS Terminal and payment cards, which provide Maestro Account access;
2. It is not an affiliate of the Corporation; and
3. It operates in at least one country in which the Corporation has granted a License or Licenses.

The following networks are designated without limitation to be Competing EFT POS Networks: Interlink; Electron; and V-Pay.

## Competing North American ATM Network

---

A network of ATMs and access cards, other than the Corporation, identified by a common brand mark that is used exclusively or primarily for ATM interchange and that possesses each of the following characteristics:

1. It operates in at least 40 of the states or provinces of the states and provinces of the United States and Canada;
2. It uses a common service mark or common service marks to identify the terminals and cards which provide account access through it;
3. There are at least 40,000,000 debit cards that provide account access through it; and
4. There are at least 12,000 ATMs that provide account access through it.

## Contact Chip Transaction

---

A Transaction in which data is exchanged between the Chip Card and the Terminal through the reading of the chip using the contact interface, in conformance with EMV specifications.

## Contactless Payment Device

---

A means other than a Card by which a Cardholder may access an Account at a Terminal in accordance with the Standards. A Contactless Payment Device is a type of Access Device that exchanges data with the Terminal by means of radio frequency communications. *Also see* Mobile Payment Device.

## Contactless Transaction

---

A Transaction in which data is exchanged between the Chip Card or Access Device and the Terminal through the reading of the chip using the contactless interface, by means of radio frequency communications. *Also see* EMV Mode Contactless Transaction, Magnetic Stripe Mode Contactless Transaction.

## Control, Controlled

---

As used herein, Control has such meaning as the Corporation deems appropriate in its sole discretion given the context of the usage of the term and all facts and circumstances the Corporation deems appropriate to consider. As a general guideline, Control often means to have, alone or together with another entity or entities, direct, indirect, legal, or beneficial possession (by contract or otherwise) of the power to direct the management and policies of another entity.

## Corporation

---

MasterCard International Incorporated, Maestro International Inc., and their subsidiaries and affiliates. As used herein, Corporation also means the President and Chief Executive Officer of MasterCard International Incorporated, or his or her designee, or such officers or other employees responsible for the administration and/or management of a program, service, product, system or other function. Unless otherwise set forth in the Standards, and subject to any restriction imposed by law or regulation, or by the Board of Directors of MasterCard International Incorporated, or by the MasterCard International Incorporated Certificate of Incorporation or the MasterCard Incorporated Certificate of Incorporation (as each such Certificate of Incorporation may be amended from time to time), each such person is authorized to act on behalf of the Corporation and to so act in his or her sole discretion.

## Credentials Management System

---

Facilitates credential preparation and/or remote mobile Payment Application management for MasterCard Cloud-Based Payments.

## Cross-border Transaction

---

A Transaction that originates via a Terminal located in a different country from the country in which the Card was issued.

## Customer

---

A financial institution or other entity that has been approved for Participation. A Customer may be a Principal, Association, Affiliate, or Digital Activity Customer. *Also see* Cirrus Customer, Maestro Customer, MasterCard Customer, Member.

## Customer Report

---

Any report a Customer is required to provide the Corporation, whether on a one-time or repeated basis, pertaining to its License, Activities, Digital Activity Agreement, Digital Activities, use of any Mark, or any such matters. By way of example and not limitation, the Quarterly MasterCard Report (QMR) is a Customer Report.

## Data Storage Entity (DSE)

---

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *MasterCard Rules* manual as DSE Program Service.

## Device Binding

---

The process by which a Wallet Token Requestor binds a MasterCard Token corresponding to a Cardholder's Account to that Cardholder's Mobile Payment Device, which may consist of:

- The provisioning of the Token and its associated encryption keys into the secure element within the Mobile Payment Device;
- The loading of an application for a remotely-managed secure server into the Mobile Payment Device and the successful communication of the device with the application; or
- Other methodology acceptable to the Corporation.

## **Digital Activity(ies)**

---

The undertaking of any act that can be lawfully undertaken only pursuant to approval by the Corporation as set forth in a Digital Activity Agreement or other written documentation. Participation in the MasterCard Digital Enablement Service as a Wallet Token Requestor is a Digital Activity.

## **Digital Activity Agreement**

---

The contract between the Corporation and a Digital Activity Customer granting the Digital Activity Customer the right to participate in Digital Activity and a limited License to use one or more of the Marks in connection with such Digital Activity, in accordance with the Standards.

## **Digital Activity Customer**

---

A Customer that participates in Digital Activity pursuant to a Digital Activity Agreement and which may not issue Cards, acquire Transactions, or Sponsor any other Customer into the Corporation.

## **Digital Activity Service Provider (DASP)**

---

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *MasterCard Rules* as DASP Program Service.

## **Digital Goods**

---

Any goods that are stored, delivered, and used in electronic format, such as, by way of example but not limitation, books, newspapers, magazines, music, games, game pieces, and software (excludes gift cards). The delivery of a purchase of digital goods may occur on a one-time or subscription basis.

## **Digital Wallet**

---

A Pass-through Digital Wallet or a Staged Digital Wallet.

## Digital Wallet Operator (DWO)

---

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *MasterCard Rules* manual as DWO Program Service. Also see Staged Digital Wallet Operator and Pass-through Digital Wallet Operator.

## Digital Wallet Operator Mark, DWO Mark

---

A mark identifying a particular Pass-through Digital Wallet and/or Staged Digital Wallet, and which may be displayed at the POI to denote that a retailer, or any other person, firm, or corporation, accepts payments effected by means of that Pass-through Digital Wallet and/or Staged Digital Wallet. A “Staged DWO Mark” and a “Pass-through DWO Mark” are both types of DWO Marks.

## Digitization, Digitize

---

Data preparation performed on the Issuer’s behalf prior to the provisioning of Account credentials, in the form of a MasterCard Token, onto a connected Mobile Payment Device or into a Host Card Emulation (HCE) server after Identification & Verification (ID&V). Digitization includes Tokenization.

## Domestic Transaction

---

See Intracountry Transaction.

## Dual Interface

---

The description of a Terminal that is capable of processing Contactless Transactions by means of its contactless interface and Contact Chip Transactions by means of its contact interface.

## Electronic Money

---

Electronically (including magnetically) accessed monetary value as represented by a claim on the Electronic Money Issuer which:

1. Is issued on receipt of funds for the purpose of making transactions with payment cards; and
2. Is accepted by the Electronic Money Issuer or a person other than the Electronic Money Issuer.

## **Electronic Money Issuer**

---

An Electronic Money Institution with respect only to its issuing activities.

## **Electronic Money Institution**

---

An entity authorized by applicable regulatory authority or other government entity as an “electronic money institution”, “e-money institution”, “small electronic money institution”, or any other applicable qualification under which an entity is authorized to issue or acquire Electronic Money transactions under applicable law or regulation.

## **EMV Mode Contactless Transaction**

---

A Contactless Transaction in which the Terminal and the chip exchange data, enabling the chip to approve the Transaction offline on the Issuer’s behalf or to request online authorization from the Issuer, in compliance with the Standards.

## **Gateway Customer**

---

A Customer that uses the Gateway Processing service.

## **Gateway Processing**

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A service that enables a Customer to forward a Gateway Transaction to and/or receive a Gateway Transaction from the MasterCard ATM Network®.

## **Gateway Transaction**

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An ATM transaction effected with a payment card or other access device not bearing a Mark that is processed through or using the MasterCard ATM Network®.

## **Host Card Emulation (HCE)**

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The presentation on a Mobile Payment Device of a virtual and exact representation of a Chip Card using only software on the Mobile Payment Device and occurring by means of its communication with a secure remote server.

## Hybrid Terminal

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A Terminal, including any POS or MPOS Terminal (“Hybrid POS Terminal”, “Hybrid MPOS Terminal”), ATM Terminal (“Hybrid ATM Terminal”), or PIN-based In-Branch Terminal (“Hybrid PIN-based In-Branch Terminal”), that:

1. Is capable of processing both Contact Chip Transactions and magnetic stripe Transactions;
2. Has the equivalent hardware, software, and configuration as a Terminal with full EMV Level 1 and Level 2 type approval status with regard to the chip technical specifications; and
3. Has satisfactorily completed the Corporation’s Terminal Integration Process (TIP) in the appropriate environment of use.

## Identification & Verification (ID&V)

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The identification and verification of a person as the Cardholder to whom the Issuer allocated the Account PAN to be Tokenized.

## Independent Sales Organization (ISO)

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A Service Provider that performs any one or more of the services described in Rule 7.1 of the *MasterCard Rules* manual as ISO Program Service.

## Interchange System

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The computer hardware and software operated by and on behalf of the Corporation for the routing, processing, and settlement of Transactions including, without limitation, the MasterCard Network, the MasterCard ATM Network, the MasterCard Dual Message System, the MasterCard Single Message System, the Global Clearing Management System (GCMS), and the Settlement Account Management (SAM) system.

## Interregional Transaction

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A Transaction that originates via a Terminal located in a different Region from the Region in which the Card was issued. In the Europe Region, the term “Interregional Transaction” includes any “Inter-European Transaction,” as such term is defined in the “Europe Region” chapter of the *MasterCard Rules*.

## Intracountry Transaction

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A Transaction that originates via a Terminal located in the same country as the country in which the Card was issued. A Transaction conducted with a Card bearing one or more of the Brand Marks, either alone or in combination with the marks of another payment scheme, and processed as a Transaction, as shown by the Card type identification in the Transaction record, via either the Interchange System or a different network, qualifies as an Intracountry Transaction. "Domestic Transaction" is an alternative term for Intracountry Transaction.

## Intraregional Transaction

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A Transaction that occurs at a Terminal located in a different country from the country in which the Card was issued, within the same Region. In the Europe Region, this term is replaced by "Intra-European Transaction," as such term is defined in the "Europe Region" chapter of the *MasterCard Rules*.

## Issuer

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A Customer in its capacity as an issuer of a Card or Account.

## License, Licensed

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The contract between the Corporation and a Customer granting the Customer the right to use one or more of the Marks in accordance with the Standards. To be "Licensed" means to have such a right pursuant to a License.

## Licensee

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A Customer or other person authorized in writing by the Corporation to use one or more of the Marks.

## Maestro

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Maestro International Incorporated, a Delaware U.S.A. corporation or any successor thereto.

## Maestro Acceptance Mark

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A Mark consisting of the Maestro Brand Mark placed on the dark blue acceptance rectangle, as available at [www.mastercardbrandcenter.com](http://www.mastercardbrandcenter.com).



## Maestro Access Device

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An Access Device that uses at least one Maestro Payment Application to provide access to a Maestro Account when used at a Terminal.

## Maestro Account

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An account eligible to be a Maestro Account, as set forth in Rule 6.1.2.1 of the *MasterCard Rules* manual, and identified with a BIN/IIN associated with a Portfolio designated by the Corporation as a Maestro Portfolio in its routing tables.

## Maestro Brand Mark

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A Mark consisting of the Maestro Word Mark as a custom lettering legend placed within the Corporation's interlocking circles device. The Corporation is the exclusive owner of the Maestro Brand Mark.

## Maestro Card

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A Card that provides access to a Maestro Account.

## Maestro Customer

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A Customer that has been granted a Maestro License in accordance with the Standards.

## Maestro Payment Application

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A Payment Application that stores Maestro Account data.

## Maestro Word Mark

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A Mark consisting of the word "Maestro" followed by a registered trademark ® or ™ symbol (depending on its trademark status in a particular country) or the local law equivalent. "Maestro" must appear in English and be spelled correctly, with the letter "M" capitalized. "Maestro" must not be abbreviated, hyphenated, used in the plural or possessive, or translated from English into another language. Maestro is the exclusive owner of the Maestro Word Mark.

## Magnetic Stripe Mode Contactless Transaction

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A Contactless Transaction in which the Terminal receives static and dynamic data from the chip and constructs messages that can be transported in a standard magnetic stripe message format, in compliance with the Standards.

## Manual Cash Disbursement Transaction

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A disbursement of cash performed upon the acceptance of a MasterCard Card or, at a PIN-based In-Branch Terminal, a Maestro or Cirrus Card by a Customer financial institution teller. A Manual Cash Disbursement Transaction is identified with MCC 6010 (Manual Cash Disbursements—Customer Financial Institution).

## Marks

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The names, logos, trade names, logotypes, trademarks, service marks, trade designations, and other designations, symbols, and marks that the Corporation owns, manages, licenses, or otherwise Controls and makes available for use by Customers and other authorized entities in accordance with a License. A “Mark” means any one of the Marks.

## MasterCard

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MasterCard International Incorporated, a Delaware U.S.A. corporation.

## MasterCard Acceptance Mark

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A Mark consisting of the MasterCard Brand Mark placed on the dark blue acceptance rectangle, as available at [www.mastercardbrandcenter.com](http://www.mastercardbrandcenter.com).

## MasterCard Access Device

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An Access Device that uses at least one MasterCard Payment Application to provide access to a MasterCard Account when used at a Terminal.

## MasterCard Account

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Any type of account (credit, debit, prepaid, commercial, etc.) identified as a MasterCard Account with a primary account number (PAN) that begins with a BIN in the range of 510000 to 559999.

## MasterCard-branded Application Identifier (AID)

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Any of the Corporation's EMV chip application identifiers for MasterCard, Maestro, and Cirrus Payment Applications as defined in the *M/Chip Requirements* manual.

## MasterCard Brand Mark

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A Mark consisting of the MasterCard Word Mark as a custom lettering legend placed within the MasterCard Interlocking Circles Device. The Corporation is the exclusive owner of the MasterCard Brand Mark.

## MasterCard Card

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A Card that provides access to a MasterCard Account.

## MasterCard Cloud-Based Payments

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A specification that facilitates the provisioning of Digitized Account data into a Host Card Emulation (HCE) server and the use of the remotely stored Digitized Account data, along with single-use payment credentials, in Transactions effected by a Cardholder using a Mobile Payment Device. The MasterCard Digital Enablement Service offers MasterCard Cloud-Based Payments as an on-behalf service.

## MasterCard Customer

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A Customer that has been granted a MasterCard License in accordance with the Standards. *Also see Member.*

## MasterCard Digital Enablement Service

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Any of the services offered by the Corporation exclusively to Customers for the digital enablement of Account data, including but not limited to ID&V Service, Tokenization Service, Digitization Service, Token Mapping Service, MasterCard Cloud-Based Payments, Digital Card Image Database, CVC 3 pre-validation and other on-behalf cryptographic validation services, and Service Requests.

## MasterCard Europe

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MasterCard Europe sprl, a Belgian private limited liability (company).

## **MasterCard Incorporated**

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MasterCard Incorporated, a Delaware U.S.A. corporation.

## **MasterCard Payment Application**

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A Payment Application that stores MasterCard Account data.

## **MasterCard Token**

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A Token allocated from a MasterCard Token Account Range that the Corporation has designated to an Issuer and that corresponds to an Account PAN for which the Issuer's Cardholder has requested Digitization. The Corporation exclusively owns all right, title and interest in any MasterCard Token.

## **MasterCard Token Account Range**

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A Bank Identification Number (BIN) or portion of a BIN ("BIN range") designated by the Corporation to an Issuer for the allocation of MasterCard Tokens in a particular Token Implementation. A MasterCard Token Account Range must be designated from a BIN reserved for the Corporation by the ISO Registration Authority and for which the Corporation is therefore the "BIN Controller," as such term is defined in the EMV Payment Tokenization Specification Technical Framework (also see the term "Token BIN Range" in that document). A MasterCard Token Account Range is identified in the Corporation's routing tables as having the same attributes as the corresponding Account PAN Range.

## **MasterCard Word Mark**

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A Mark consisting of the word "MasterCard" followed by a registered trademark ® symbol or the local law equivalent. "MasterCard" must appear in English and be spelled correctly, with the letters "M" and "C" capitalized. "MasterCard" must not be abbreviated, hyphenated, used in the plural or possessive, or translated from English into another language. The Corporation is the exclusive owner of the MasterCard Word Mark.

## **Member, Membership**

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A financial institution or other entity that is approved to be a MasterCard Customer in accordance with the Standards and which, as a MasterCard Customer, has been granted

membership (“Membership”) in and has become a member (“Member”) of the Corporation. “Membership” also means “Participation”.

## **Merchandise Transaction**

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The purchase by a Cardholder of merchandise or a service, but not currency, in an approved category at an ATM Terminal and dispensed or otherwise provided by such ATM Terminal. A Merchandise Transaction is identified with MCC 6012 (Merchandise and Services—Customer Financial Institution), unless otherwise specified.

## **Merchant**

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A retailer, or any other person, firm or corporation that, pursuant to a Merchant Agreement, agrees to accept Cards when properly presented.

## **Merchant Agreement**

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An agreement between a Merchant and a Customer that sets forth the terms pursuant to which the Merchant is authorized to accept Cards.

## **Mobile Payment Device**

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A Cardholder-controlled mobile phone containing a Payment Application compliant with the Standards, and which uses an integrated keyboard and screen to access an Account. A Mobile Payment Device is a type of Contactless Payment Device.

## **Mobile POS (MPOS) Terminal**

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An MPOS Terminal enables a mobile device to be used as a POS Terminal. Card “reading” and software functionality that meets the Corporation’s requirements may reside within the mobile device, on a server accessed by the mobile device, or in a separate accessory connected (such as via Bluetooth or a USB port) to the mobile device. The mobile device may be any multi-purpose mobile computing platform, including, by way of example and not limitation, a feature phone, smart phone, tablet, or personal digital assistant (PDA).

## **Multi-Account Chip Card**

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A Chip Card with more than one Account encoded in the chip.

## **On-Device Cardholder Verification**

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A CVM whereby the Cardholder's mobile-specific credentials for accessing an Account (for example, a numeric passcode) are verified by means of an application on the Cardholder's Mobile Payment Device.

## **Ownership, Owned**

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As used herein, ownership has such meaning as the Corporation deems appropriate in its sole discretion given the context of the usage of the term in all facts and circumstances the Corporation deems appropriate to consider. As a general guideline, ownership often means to own indirectly, legally, or beneficially more than fifty percent (50%) of an entity.

## **Participation**

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The right to participate in Activity, Digital Activity, or both granted to a Customer by the Corporation. For a MasterCard Customer, Participation is an alternative term for Membership.

## **Pass-through Digital Wallet**

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Functionality by which the Pass-through Digital Wallet Operator stores MasterCard or Maestro Account data provided by the Cardholder to the DWO for purposes of effecting a payment initiated by the Cardholder to a Merchant or Submerchant, and upon the performance of a Transaction, transfers the Account data to the Merchant or Submerchant or to its Acquirer or the Acquirer's Service Provider.

## **Pass-through Digital Wallet Operator (DWO)**

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The operator of a Pass-through Digital Wallet.

## **Payment Application**

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The magnetic stripe or M/Chip functionality that stores Account data on or in a Card or Contactless Payment Device and enables the reading and/or transmission of such data to a Terminal via a contact or contactless interface to effect a Transaction, in accordance with the Standards. A MasterCard Payment Application, Maestro Payment Application, and Cirrus Payment Application is each a Payment Application.

## Payment Facilitator

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A Service Provider registered by an Acquirer to facilitate the acquiring of Transactions by the Acquirer from Submerchants, and which in doing so, performs any one or more of the services described in Rule 7.1 of the *MasterCard Rules* manual as PF Program Service.

## PIN-based In-Branch Terminal

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An attended device, located on the premises of a Customer or other financial institution designated as its authorized agent by the Corporation, that facilitates a cash withdrawal Transaction by a Cardholder.

## Point of Interaction (POI)

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The location at which a Transaction occurs, as determined by the Corporation.

## Point-of-Sale (POS) Terminal

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An attended or unattended device located in or at a Merchant's premises that enables a Cardholder to effect a Transaction for the purchase of products or services sold by such Merchant with a Card and/or Contactless Payment Device, in accordance with the POS Terminal security and other applicable Standards.

## Point-of-Sale (POS) Transaction

---

The sale of products or services by a Merchant to a Cardholder pursuant to acceptance of a Card by the Merchant. A POS Transaction may be a Card-present Transaction taking place in a face-to-face environment or at an unattended POS Terminal, or a Card-not-present Transaction taking place in a non-face-to-face environment (for example, an e-commerce, mail order, phone order, or recurring payment Transaction).

## Portfolio

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All Cards issued bearing the same major industry identifier, BIN/IIN, and any additional digits that uniquely identify Cards for routing purposes.

## Principal Customer, Principal

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A Customer that participates directly in Activity using its assigned BINs/IINs and which may Sponsor one or more Affiliates.

## Processed Transaction

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A Transaction for which:

- Either (i) the Issuer or its agent approved the Acquirer's request to complete the Transaction ("authorization") by means of the Interchange System, or (ii) online authorization was not required in accordance with the Standards (for example, a Chip Transaction occurred that was less than or equal to the applicable chip floor limit and both the Terminal and the chip approved an offline authorization); and
- The Acquirer used the Interchange System to submit the Transaction record data to the Issuer ("clearing") for the purpose of a transfer of funds ("settlement") via the Interchange System.

## Program

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A Customer's Card issuing program, Merchant acquiring program, ATM Terminal acquiring program, Digital Activity program, or all.

## Program Service

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Any service described in Rule 7.1 of the *MasterCard Rules* manual or elsewhere in the Standards that directly or indirectly supports a Program and regardless of whether the entity providing the service is registered as a Service Provider of one or more Customers. The Corporation has the sole right to determine whether a service is a Program Service.

## Region

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A geographic region as defined by the Corporation from time to time. See Appendix A of the *MasterCard Rules* manual.

## Remote Transaction

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A non-face-to-face POS Transaction performed partially or wholly by means of electronic communication, such as via phone order, the Internet, text messaging, facsimile, or the like.



## Rules

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The Standards set forth in this manual.

## Service Provider

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A person that performs Program Service. The Corporation has the sole right to determine whether a person is or may be a Service Provider and if so, the category of Service Provider. A Service Provider is an agent of the Customer that receives or otherwise benefits from Program Service, whether directly or indirectly, performed by such Service Provider.

## Service Provider Registration Facilitator

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A Service Provider that performs Service Provider identification and registration services.

## Settlement Obligation

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A financial obligation of a Principal or Association Customer to another Principal or Association Customer arising from a Transaction.

## Shared Deposit Transaction

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A deposit to a savings Account or checking Account conducted at an ATM Terminal located in the U.S. Region, initiated with a Card issued by a U.S. Region Customer other than the Acquirer, and processed through the MasterCard ATM Network.

## Solicitation, Solicit

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An application, advertisement, promotion, marketing communication, or the like intended to solicit the enrollment of a person as a Cardholder or as a Merchant. To "Solicit" means to use a Solicitation.

## Special Issuer Program

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Issuer Activity the Corporation deems may be undertaken only with the express prior consent of the Corporation. As of the date of the publication of these Rules, Special Issuer Programs include Affinity Card Programs, Co-Brand Card Programs, and Prepaid Card Program, and with respect to MasterCard Activity only, Brand Value Transaction and proprietary account, Remote Transaction MasterCard Account, and secured MasterCard Card Programs.

## Sponsor, Sponsorship

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The relationship described in the Standards between a Principal or Association and an Affiliate that engages in Activity indirectly through the Principal or Association. In such event, the Principal or Association is the Sponsor of the Affiliate and the Affiliate is Sponsored by the Principal or Association. "Sponsorship" means the Sponsoring of a Customer.

## Staged Digital Wallet

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Functionality by which the Staged Digital Wallet Operator effects a two-stage payment to a retailer to complete a purchase initiated by a consumer, as follows:

- **Payment stage**—In the payment stage, the Staged DWO pays the retailer by means of:
  - A transaction conducted using MasterCard or Maestro Account or other account data assigned to the consumer by the DWO or by an issuer, acting for or on behalf of the DWO (herein, a "consumer-assigned payment account"); or
  - A funds transfer to an account held by the Staged DWO for or on behalf of the retailer.
- **Funding stage**—In the funding stage, the Staged DWO uses MasterCard or Maestro Account or other account data provided to the Staged DWO by the consumer (herein, the "funding account") to perform a transaction that funds or reimburses the Staged Digital Wallet.

Neither the retailer nor, if the retailer is a Merchant, its Acquirer or the Acquirer's Service Provider receives MasterCard or Maestro Account data and other information identifying the network brand and payment card issuer for the funding account.

## Staged Digital Wallet Operator (DWO)

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The operator of a Staged Digital Wallet.

## Standards

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The organizational documents, operating rules, regulations, policies, and procedures of the Corporation, including but not limited to any manuals, guides or bulletins, as may be amended from time to time.

## Stand-In Parameters

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A set of authorization requirements established by the Corporation or the Issuer that are accessed by the Interchange System using the Stand-In Processing Service to determine the appropriate responses to authorization requests.

## **Stand-In Processing Service**

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A service offered by the Corporation in which the Interchange System authorizes or declines Transactions on behalf of and uses Stand-In Parameters provided by the Issuer (or in some cases, by the Corporation). The Stand-In Processing Service responds only when the Issuer is unavailable, the Transaction cannot be delivered to the Issuer, or the Issuer exceeds the response time parameters set by the Corporation.

## **Sub-licensee**

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A person authorized in writing to use a Mark either by a Licensee in accordance with the Standards or by the Corporation.

## **Submerchant**

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A merchant that, pursuant to an agreement with a Payment Facilitator, is authorized to accept Cards when properly presented.

## **Submerchant Agreement**

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An agreement between a Submerchant and a Payment Facilitator that sets forth the terms pursuant to which the Submerchant is authorized to accept Cards.

## **Terminal**

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Any attended or unattended device that meets the Corporation requirements for the electronic capture and exchange of Card data and that permits a Cardholder to effect a Transaction in accordance with the Standards. An ATM Terminal, PIN-based In-Branch Terminal, and POS Terminal is each a type of Terminal.

## **Third Party Processor (TPP)**

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A Service Provider that performs any one or more of the services described in Rule 7.1 of the *MasterCard Rules* manual as TPP Program Service.

## Token

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A numeric value that (i) is a surrogate for the primary account number (PAN) used by a payment card issuer to identify a payment card account; (ii) is issued in compliance with the EMV Payment Tokenization Specification Technical Framework; and (iii) passes the basic validation rules for a PAN, including the Luhn Formula for Computing Modulus 10 Check Digit. Also see MasterCard Token.

## Tokenization, Tokenize

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The process by which a MasterCard Token replaces an Account PAN.

## Token Requestor

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An entity that requests the replacement of Account PANs with MasterCard Tokens. See Wallet Token Requestor.

## Transaction

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A financial transaction arising from the proper acceptance of a Card or Account at a Card acceptance location and identified in messages with a Card Program identifier.

## Volume

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The aggregate financial value of a group of Transactions. "Volume" does not mean the number of Transactions.

## Wallet Provider

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See Wallet Token Requestor.

## Wallet Token Requestor

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A DWO that, upon the request of a Cardholder for Digitization, including Tokenization, of an Account PAN, invokes Identification & Verification (ID&V) and Device Binding; also called a "Wallet Provider". A Wallet Token Requestor is a type of Token Requestor.

## Word Mark

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A Mark consisting of the name of one of the Corporation's brands followed by a registered trademark ® or ™ symbol (depending on its trademark status in a particular country) or the local law equivalent. See Cirrus Word Mark, Maestro Word Mark, MasterCard Word Mark.