Omni Merchant Network Updates Winter 2017

We are committed to working closely with you on achieving your business goals. As a part of this commitment, we carefully monitor Network changes and summarize them for your convenience. Following is the summary of information from American Express®, Discover® Network, MasterCard® Worldwide and Visa® U.S.A. regarding changes or updates to interchange rates, operating rules and regulations, and other changes that may impact your company.

Each article in your Network Updates has been tagged or categorized by 'CP' (Card Present), 'CNP' (Card not Present) 'eComm' (eCommerce), or 'Can' (Canada). This notation has been added to better identify the environment the specific article impacts. In order to take advantage of the new category tags and quickly navigate to specific articles, we recommend that you 'show bookmarks' in your preferred PDF viewer.

We encourage you to contact your Relationship Manager with any questions you have regarding this information.

EMV

EMV Automated Fuel Dispenser (AFD) Liability Shift Update CP

The Program: Back in 2011 and 2012, the Brands (Visa, MasterCard, American Express and Discover) announced an October 2017 EMV liability shift for U.S. acquired AFD transactions under Merchant Category Code 5542 – Automated Fuel Dispensers.

The Change: As a result of the complexities and challenges of implementing EMV at AFDs, a delay in the U.S. Automated Fuel Dispenser (AFD) EMV Liability Shift was announced (in early December) by Visa, MasterCard, American Express and Discover.

The Impact: The new EMV Automated Fuel Dispenser Liability Shift date for Visa, MasterCard, American Express and Discover is **October 2020.**

At this time Vantiv is aware of the following PIN Debit networks that have also announced an October 2020 EMV AFD liability shift date:

- Accel
- AFFN
- Interlink
- Jeanie
- Maestro
- MoneyPass
- NYCE
- PULSE

Notes: Visa's EMV ATM liability shift for counterfeit fraud and the liability shift for international transactions acquired at U.S. AFDs **will remain the same and are effective October 2017.**

Expiring Certificate Authority Public (CAP) Keys Reminder CP

The Program: The EMV standard uses Public Key technology to perform certain functions related to offline authentication, some aspects of online transactions and offline PIN encryption. Each of the card brands publish sets of these keys for use with their EMV applications.

Public keys are distributed to acquirers, merchants and solution providers to load into their terminals. Each of the brands' key sets is comprised of keys of varying lengths. On an annual basis, EMVCo reviews the keys and makes recommendations on the expected life span (on a rolling 10-year projection window) of the different key lengths. Once EMVCo determines a key length is beginning to approach the point where it may become vulnerable to attacks, they will set that key's expiration date. While the individual brands are free to set their own expiration dates, they traditionally follow EMVCo's advice.

The Change: The following are the active CAP key lengths and their expiration or projected lifespan dates:

- **1152-bit keys have expiry date of 12/31/2017**
- 1408-bit keys have expiry date of 12/31/2024
- 1984-bit keys have anticipated lifetime to 12/31/2025

The Impact: Once a key expires, it must be removed from the terminal within **six months**.

The 1152-bit key set will expire on December 31st, 2017, therefore it will need to be ***removed by June 30, 2018***. Merchants and their solutions providers are advised to begin planning for the removal of these keys.

Merchants are also reminded that because expiration dates can change they should **not be stored on terminals**.

MasterCard®

MasterCard New 2-Series MasterCard BIN Range Reminder — CP/CNP/eComm

The Program: As previously communicated in several past newsletters, MasterCard is adding new primary account **BIN ranges 222100-272099** to be processed in the same manner as existing range 510000-559999. Merchants are encouraged to visit www.mastercard.us/2-series for additional information.

The Change: The payments ecosystem must be ready to support the 2-Series MasterCard BINs by **October 14, 2016**. All Vantiv platforms will support the MasterCard 2-Series BIN range.

The Impact: Merchants must be able to accept the new MasterCard BIN range in both card-present and card-not present payment acceptance channels. Vantiv's host is available for MasterCard Series 2 testing. Merchants may contact their Relationship Manager for test plastics and/or test card numbers if preferred for use in initial testing.

The Timing: **OCTOBER 14, 2016** – Payments ecosystem to be ready to support the new 2-Series BIN.

JANUARY 2017 – Issuers will be assigned the new 2-Series BINs, merchants should be prepared to accept the new BIN as cards begin to appear in the market shortly thereafter.

JUNE 2017 – Field testing begins. Merchants identified as not being able to support the new 2-Series BIN may be subject to non-compliance fines.

MasterCard Offers Cards to Test 2-Series BIN Range Readiness — CP/CNP/eComm

In an effort to assist merchants in their MasterCard 2-Series BIN readiness, MasterCard has made the decision to offer merchants the ability to purchase/load prepaid test cards that can be used in production for testing in their locations.

- Testing with these production cards is completely optional
- Production test cards must be ordered directly through MasterCard (Vantiv will not have an inventory of these cards)
- Merchants interested in purchasing these cards may contact their Relationship Manager for additional information or may email MasterCard directly at: 2Series_Test_Cards@mastercard.com

MasterCard branded non-reloadable prepaid cards

- EMV compliant - dual interface (contact and contactless) with magnetic stripe
- Load Limits – Min Value USD 5, Max Value USD 500 per card. Customers will be responsible for the funds that are loaded
- Ordering Limits – Min quantity 5, Max quantity 100 per order. Customers permitted to order up to 100 cards
- The BIN associated with the production test cards will be 222635
- For e-commerce transactions: Use 63368 as a valid zip code, CVV will be on the back of cards
- Cards cannot be reloaded once the funds are depleted
- Handling Fee - USD $9.99 per order, this does not include a shipping fee. Shipping fees will be paid by MasterCard
- 2% Load Fee – transaction fees for the card will be deducted from the card balance

MasterCard Revises Standards for Processing Authorizations and Preauthorization's Reminder

CP/CNP/eComm

The Program: *As previously communicated in past merchant network updates*, MasterCard is introducing a number of authorization processing changes that include: new methods to identify the type of authorization, changes to authorization reversal timeframes, discontinuance of the 15/20 percent transaction amount tolerance for T&E and gratuities, changes to chargeback timeframes and the extension of incremental authorizations for all merchant types.

The Change: These revisions will help Issuers effectively manage cardholders' open to buy and chargeback protection maximum timeframe limits, based on authorization types. Please refer to the chart below to review updated effective dates from MasterCard.

MasterCard Authorization Changes		
Description	**Current**	**October 2016 (Unless Otherwise Noted)**
Full or Partial Authorization Reversals Used to cancel a previously authorized transaction (full reversal) or when the transaction amount is less than the amount approved (partial reversal) Does not apply to: • MCC 5542 AFD • Contactless • Transit aggregated or debt recovery transactions • Preauth or auth with an expired chargeback protection period	• **24 hours**- Card present (non-T&E) • **72 hours-** Card-not-present (non-T&E) • **20 days**- T&E	• **24 hours**- Card present and card-not-present: ○ Submit a full auth reversal within 24 hours of known cancelation date of the sale ○ Submit a partial auth reversal within 24 hours of transaction date when sale amount is less than the authorized amount
15% Transaction Amount Tolerances	Authorization to settlement amount **15%** • Hotel/Motel • Vehicle Rental • Cruise Lines • Related Repair If the final transaction amount doesn't exceed the approved amount by the associated %, the merchant is not required to obtain an additional authorization.	Authorization to settlement amount must match. Incremental authorizations or authorization reversals must be submitted to match the authorization amount to the settlement amount.

20% Transaction Amount Tolerances	Authorization to clearing amount **20%** for gratuities • Contact Chip (Signature, PIN, no CVM) • Magnetic Stripe (Signature, PIN, No CVM) • Contactless • Card-not-present	Authorization to clearing amount **20% Permitted for Gratuities** U.S. Region: • Contact Chip (Signature, no CVM) • Magnetic Stripe (Signature, PIN, No CVM) • Card-present key-entered Non-U.S. Region: • Contact Chip (Signature) • Magnetic Stripe (Signature or No CVM) **Gratuity must be added directly in the authorization amount when:** • Card-not present • Contactless • Contact Chip and PIN • Contact Chip or Magnetic Stripe (non U.S. Regions only) **All gratuity transactions must identified as preauthorizations**
Incremental (Multiple) Authorizations ***(OPTIONAL SUPPORT)***	• 3351-3441(Car Rental Agencies) • 4411 (Cruise Lines) • 3501-3999 (Hotels/Motels/Resorts) • 7011 (Hotels/Motels/Resorts- not elsewhere classified) • 7512 (Automobile Renal Agency- not elsewhere classified)	Available to all merchant types An incremental authorization may be submitted at a later time to extend the chargeback protection period for the same transaction. The 30 day chargeback protection timeframe is calculated from the date of the last approved authorization. Excluded: • MasterCard Contactless transit aggregated or debt recovery transaction • Installment billing payment transactions identified as preauthorization
Chargeback Protection Timeframes **Reason Code 4808 (Authorization-Related Chargeback)**	Currently, the duration of the chargeback timeframe is not calculated from the authorization date to the transaction date. Transaction must be cleared within 120 days of the authorization date.	**EFFECTIVE APRIL 2017** Authorization date to clearing date: **30 days**- Pre-authorizations **7 days**- All other MasterCard Authorizations
Authorization to Clearing Timeframe	Authorization to Transaction Date timeframe currently not in existence. Only transaction date to settlement date specified: • Within 7 calendar days of purchase date.	Transaction must be cleared within: Dual Message • **Final:** 7 calendar days from auth date • **Preauthorization:** 30 calendar days from auth date • **Incremental:** 30 calendar days from the last auth date

The Impact: As a result, MasterCard is also implementing Data Integrity edits and a Processing Integrity Program to ensure the authorization changes are being adhered to.

Please refer to the chart below to review MasterCard's data integrity edits criteria and monitoring program effective dates. (Please note changes in the effective dates below)

Processing Integrity Fee Program
***NEW* Authorization Not Reversed or Cleared**
Preauthorization • APRIL 2017: Effective date for non-compliance fee edits Undefined • APRIL 2017: Effective date for non-compliance fee edits ***Criteria - A new fee will be assessed for each approved authorization that is:*** **Not reversed based on the following timeframes:** • 30 calendar days of authorization date-preauthorizations • 7 calendar days of the authorization date-undefined **Not cleared based on the following timeframe:** • 120 calendar days of authorization for preauthorizations and undefined authorizations ***Note: This will replace the current Processing Integrity Fees for Late Reversals and No Clearing within 120 days of authorization.***
Data Integrity Edits and Monitoring Programs
Final Authorization
• June 2016 - June 2017: Monitoring and reporting • June 2017 : Fees for non-compliance may begin to be assessed ***Criteria - A fee will be assessed for each approved authorization when:*** • Transaction not cleared or reversed within 7 calendar days of authorization date
Preauthorization Monitoring and Fee Assessment
• June 2017: Monitoring begins for preauthorization compliance • June 2017: Non-compliance reporting for Preauthorization produced and distributed by MasterCard for authorization volume over 25% • November 2017: Fees for non-compliance may begin to be assessed
Undefined Monitoring and Fee Assessment
• June 2017: Monitoring begins for undefined authorization compliance • June 2017: Non-compliance reporting for Undefined produced and distributed by MasterCard • November 2017: Non-compliance fees may be assessed for authorization volume over 50% • June 2018: Non-compliance fees may be assessed for authorization volume over 20%

MasterCard Announces the Addition of Contactless Transactions to Existing Chargeback Liability Shift for Chip Transactions CP

The Program: As previously communicated, MasterCard's Global Chip Liability Shift Program for Contact Transactions shifts the liability for Lost, Stolen, and Never-Received-Issue (NRI) fraud on PIN-Preferring Contact EMV cards to the Merchant.

The Change: MasterCard has announced the **addition of contactless transactions to the existing chargeback liability shift (lost and stolen) for chip transactions**.

The Impact: Merchants will become liable for Fraud resulting from PIN-Preferring Contactless EMV transactions that exceed the Cardholder Verification Method (CVM) limit (the no-CVM limit is $50.00 and below) and were performed without a secure contactless CVM (either Online PIN or CDCVM).

A CDCVM is a device CVM – examples are the 'Pay' touch fingerprint, which is used as the passcode to unlock the phone or payment application.

Notes*:*

- This change applies to PIN-Preferring cards only.
- This change does not apply to low value tap-and-go transactions that do not require a CVM due to the low transaction amount and does not apply to counterfeit.
- If a PIN-preferring contactless chip card is presented at a merchant's location, but the merchant's terminal is UNABLE to support online PIN, and the transaction proceeds with signature as the CVM, the merchant is liable.
- If a PIN-preferring contactless chip card is presented at a merchant's location, the merchant's terminal CAN support online PIN, however the cardholder refuses to enter PIN and the transaction proceeds with signature as the CVM, this is the same as PIN Bypass and consistent with how contact chip transactions are handled today.

As a Reminder

If Issuer Has...	And Merchant Has...	Party with Liability	For this type of fraud
Chip Device w/PIN	Chip Terminal w/PIN Pad	Issuer	Lost or Stolen
Chip Device w/PIN	Chip Terminal with NO PIN capabilities	Merchant	Lost or Stolen
Chip Device w/PIN	Non-Chip Terminal	Merchant	Lost or Stolen
Chip Device w/SIG	Chip Terminal w/PIN Pad	Issuer	Lost or Stolen
Chip Device w/SIG	Chip Terminal w/NO PIN pad	Issuer	Lost or Stolen
Chip Device w/SIG	Non-Chip Terminal	Issuer	Lost or Stolen

Effective Date: APRIL 21, 2017

MasterCard Eliminates CVC2 at Chip POS or MPOS Terminals for Chip Transactions CP

The Change: MasterCard has indicated there is no added protection when prompting for CVC2 on an EMV transaction. Additionally, prompting for CVC2 on a chip transaction can result in a less than optimal cardholder experience.

The Impact: Merchants may not prompt or otherwise require a cardholder to enter CVC2 information when a chip card or contactless payment device is used to complete a chip transaction. This includes any contactless transaction at a POS terminal or MPOS terminal.

The Date: APRIL 21, 2017

(UPDATED) MasterCard Revised Standards for Key-Entered Transaction Requirements at Point-of-Sale Terminals CP

The Program: For merchants that are EMV chip-enabled, MasterCard's current fallback authorization process from the EMV chip includes sequentially: offline chip, magnetic stripe, and finally the manual entry of the primary account number (PAN) and expiry date.

The Change: MasterCard is revising its standards relating to card acceptance during secondary fallback when a card's magnetic stripe cannot be read and is also updating presentment rights relating to transactions processed in a face-to-face environment when card data is not passed in the authorization request message.

The Impact: MasterCard will no longer require merchants in a face-to-face environment to support manual entry of the PAN and expiry date when the card's magnetic stripe cannot be read. Manual key-entry support, by either EMV chip accepting merchants or merchants that do not have EMV chip-enabled terminal products, will be *optional and at the merchant's discretion*.

- The use of the CVC2 value will no longer be accepted as an imprint and chargeback protection on those transactions will be eliminated.
- Chargeback for Reason code 4837 (No Cardholder Authorization) will no longer be remedied by providing a manual imprint with the cardholder's signature.
- Merchants that do not have EMV chip-enabled terminal products also have the option to manually key-enter transactions.
- EMV chip accepting merchants must wait until the effective date to implement this change.

The Change: April 21, 2017

MasterCard Revises Standards Relating to State Owned Lottery Gaming Payment Transactions and Permits the Loading of Winnings onto Prepaid Cards CP

The Change: MasterCard is updating their standards for Gaming Payment Transactions as outlined below:

- The Gaming Payment Transaction must not be processed as electronic commerce (e-commerce)
- The Gaming Payment Transaction must be properly identified in the authorization and clearing messages using an MCC of 7800 and appropriate Payment Transaction and Program types
- The Gaming Payment Transaction must not exceed USD 10,000
- Must follow Anti-Money-Laundering (AML) requirements

MasterCard will permit the loading of gambling and state lottery winnings onto a prepaid MasterCard card within the U.S. region. This rule change applies to gambling merchants and merchants authorized to engage in the sale of lottery tickets related to a lottery conducted and managed by a U.S. state government body.

The Impact: Merchants are permitted to load gambling winnings, unspent chips, or other value usable for gambling to a Prepaid Card by means of a value load provided:

- It is consented to by the Issuer; and
- The load is not routed or processed through the Interchange System.

The Timing: Effective Immediately

MasterCard Consolidates Chargeback Reason Codes CP/CNP/eComm

The Change: MasterCard has combined several chargeback reason codes into one code called “4853-Cardholder Dispute.” Issuers may use the combined code when:

- Goods or services were either not as described or defective, including shipped merchandise was received damaged or not suitable for its intended purpose as well as the merchant didn’t honor the terms and conditions of a contract
- Goods or services were not provided
- Digital goods were purchased totaling $25 or less and did not have adequate purchase controls
- Credit not processed
- Counterfeit goods alleged to be authentic were purchased
- Recurring transaction canceled prior to billing
- Addendum dispute or “no-show” hotel charge was billed
- Purchase transaction did not complete
- Timeshare agreement or similar service provision was canceled within MasterCard time frame
- Credit posted as a purchase

Issuers may continue to use reason codes 4841, 4855, 4859, and 4860 until they are eliminated in a date to be determined.

The Impact: Merchants should review Issuer documentation or the Expedited Billing Dispute form associated with the chargeback to determine the exact nature of the cardholder’s dispute so that an appropriate response may be provided.

(UPDATE) MasterCard Introduces New Annual Merchant Location Fee CP/CNP/eComm

The Program: As previously communicated in the fall newsletter, MasterCard is establishing a new per merchant location fee.

The Change: The fee will be based on the merchant's fourth quarter total number of merchant locations with at least one MasterCard transaction. Location counts will be determined based on physical locations and/or website (for eComm).

The Impact: Please refer to the information below to identify billing amounts and frequency by merchant type.

2016 Annual Merchant Location Fee
The 2016 annual fee will be assessed in early February 2017 and will be based on the total number of merchant locations with at least one MasterCard transaction in the fourth quarter. The merchant location fee will be $15.00 per merchant location and $3.00 per payment facilitator merchant location. For 2016 only, MasterCard will charge 50% of the total fee amount calculated.

2017 Monthly Merchant Location Fee
Effective for 2017, the MasterCard merchant location fee will change to be assessed monthly instead of annually. The monthly merchant location fee will be $1.25 per merchant location and will first be assessed in early February 2017 and each month thereafter.

2017 Monthly Payment Facilitator Merchant Location Fee
Effective for 2017, the MasterCard payment facilitator merchant location fee will change to be assessed monthly instead of annually. The MasterCard payment facilitator merchant location rate will be billed at $0.25 for Jan, Feb and Mar 2017. The MasterCard payment facilitator merchant location fee will increase to $1.25 per payment facilitator merchant effective with the April 2017 billing and each month thereafter, aligning with the Merchant location fee rate.

2017 eComm (Lowell) Monthly Merchant and Payment Facilitator Location Fee
Effective for 2017, the MasterCard merchant and payment facilitator merchant location fee rate will be $1.25 per merchant location. Due to current billing system limitation this fee will be billed annually. The 2017 fees will be assessed in early Feb 2018 and will be based on the total number of merchant locations processing at least $200 in MasterCard monthly sales in the fourth quarter.

Exclusions:

- Merchant locations properly identified with MCC 8398 (Charitable Organizations) or MCC 8661 (Religious Organizations)
- Merchant locations/websites processing less than $200 in MasterCard sales for a given month

Visa®

Visa Discontinues Key-Entered Transaction Requirements at the Point-of-Sale for EMV Chip Accepting Merchants CP

The Change: As previously communicated in our Spring Network Updates, Visa will no longer require **EMV chip accepting merchants**' terminal products to support manual key-entry of transactions. Manual key-entry support by EMV chip accepting merchants *will be optional* and at the merchant's discretion.

The Impact: Merchants will not be required to key-enter payment products that cannot be read (magnetic stripe, contactless, contact) by the terminal device at the point-of-sale. EMV-enabled merchants supporting both EMV chip (contact and/or contactless) and magnetic stripe reading will not be required to support manual key-entry of card numbers.

- Merchants that do not have EMV chip-enabled terminal products must continue to support key-entered transactions.
- EMV chip accepting merchants must wait until the effective date to implement this change.

The Date: **APRIL 22, 2017**

(UPDATE) Visa Modifies Timing for Prohibiting Card Verification Value 2 (CVV2) in Authorization of Card-Present Key-Entered Transactions CP

The Program: Visa previously announced that merchants would no longer be permitted to request a cardholder to provide their Card Verification Value 2 (CVV2) for a card-present key-entered transaction effective April 22, 2017.

The Change: On December 8, 2016, Visa announced an extension to their previous announcement prohibiting a merchant from collecting the CVV2 data from the cardholder and entering CVV2 data in the authorization request for a card-present key-entered transaction as of April 22, 2017.

The Impact: Merchants are permitted to collect and include the Card Verification Value 2 (CVV2) information in the authorization request for U.S. domestic **card-present, key entered transactions until April 14, 2018**.
* The original date of April 22, 2017 will still apply to the AP, Canada, CEMEA, Europe and LAC regions

Effective April 14, 2018

- Merchants cannot collect the CVV2 value from the cardholder for card-present key-entered transactions
- Merchants cannot submit the CVV2 value in card-present key-entered authorization requests
- CVV2 in lieu of imprint will no longer be supported for chargeback reason code 81. Merchants will be required to obtain a manual imprint of the card when the transaction is key-entered
- Visa will prohibit the use of CVV2 for all electronically read card-present transactions unless the merchant complies with all of the criteria below:
    - U.S. merchant has an EMV chip enabled POS device
    - U.S merchant has an agreement with the issuer
    - The transaction payment product was electronically read (magnetic stripe, contactless or contact)

Visa Clarifies Merchant Outlet Location and Website Disclosure Rules CP/CNP/eComm

The Program: Visa will update their rules to clarify location requirements and website disclosure rules for merchants, payment facilitators and sponsored merchants primarily focusing on the card-not-present environment and merchants that are not in a fixed location or in transit.

The Change:

Merchant Outlet/Transaction Type	Rule for Identifying Merchant Outlet Location
Card Present - General	Physical locations where the transaction transpired
Card Present - Not a fixed location-Transit (e.g., on board an aircraft)	Must be one of the following: • Where the journey began • The destination • The merchant's principal place of business
Card-Present- Not a fixed location-Traveling Sales	Must be one of the following: • Where the sale occurred • The merchant's principal place of business
Card-not-Present- General	Must be the country of its principal place of business. Additional countries may be assigned as merchant outlet location depending on the merchant and transaction type
Card-not-Present - Travel Related (airline, passenger railway, cruise line)	Country where the first leg of the journey began
Card-not-Present - Lodging	Location of the country where the accommodation is provided
Card-not-Present - car rental, taxi or ride service	Must be one of the following: • Country where the journey originated • Country where the cardholder rents the vehicle
Card-not-Present - Travel Agent	Country of the travel agent

Payment Facilitator and Sponsored Merchant Location

- Acquirer and payment facilitator must accurately determine the location of each sponsored merchant.

Corporate Group as a Single Entity

- The correct merchant outlet location should be determined at the merchant's corporate group level (i.e., as a single entity).

  Example: Multination merchant may not claim that a country is a merchant outlet location for card-absent transactions solely because a subsidiary is a location there. Any country assigned to a multination group may either be the principal place of business of the corporate group or qualify as an additional merchant location.

Visa Clarifies Merchant Outlet Location and Website Disclosure Rules (continued)

CP/CNP/eComm

Electronic Commerce Merchants Disclosure Requirements to Cardholders

Merchants must properly disclose merchant outlet location (used in the transaction) before the cardholder completes the purchase for e-commerce transactions. This information may affect taxes the cardholder pays and shipping times.

- Merchants must display the country of the merchant outlet clearly on their websites as one of the following:
  - On the same screen view as the checkout screen that presents the final transaction amount
  - Within the sequence of web pages that cardholder accesses during the checkout process
  - A link to a separate page is not permitted
- Merchants must also disclose their address on the website for cardholder correspondence

The Impact: Non-compliance of the outlet location or website disclosure rules may result in non-compliance fees effective **January 31, 2017**.

Visa Expands Merchant Types that may Perform Initial, Estimated, and Incremental Authorizations and Modifies Operating and Chargeback Rules

CP/CNP/eComm

The Program: Currently, Visa rules only allow hotel, car rental, and cruise line merchants to obtain estimated authorizations at the time of check-in or car rental and incremental authorization when necessary.

The Change: Visa will expand merchant types that may perform initial, estimated and incremental authorization requests before the final amount is known. In addition, Visa is modifying their operating and chargeback rules to support these additional merchant verticals that perform initial, estimated amounts and/or incremental authorizations.

The Impact:

- Merchants that perform authorizations that are not considered final **must disclose to the cardholder that further authorizations may occur or when an amount is an estimated amount**.
- Eligible merchants that participate in initial, estimated amounts or incremental authorizations must identify authorizations with the proper indicator.
- Incremental authorization requests may only be submitted when an estimated or initial authorization was performed.
- Incremental authorizations must also contain the same transaction identifier used in the estimated or initial authorization request.
- **Merchants must reverse an unused or partially used authorization approval. Merchants are permitted to reverse multiple authorizations with a single authorization reversal.**
- *Cruise Lines, Lodging, Car/Vehicle Rental* - An approval response for an estimated authorization and any subsequent incremental authorizations will expire 31 days after the initial estimated authorization.

Visa Expands Merchant Types that may Perform Initial, Estimated, and Incremental Authorizations and Modifies Operating and Chargeback Rules (cont). CP/CNP/eComm

Merchants eligible to perform initial, estimated and incremental auths are defined below:

MCC	Merchant Type	Eligible Authorization Request Type	Approval Response Expiry Timeframe
4457 7033 7394 7519 7999	Rentals (Excludes Vehicle Rentals) Boat rentals Trailer parks and campgrounds Equipment/tool rental Motor home and recreational vehicle rentals Recreation services not elsewhere classified	• Estimated • Incremental	7 days after estimated authorization or incremental approval response date
4111 4112 4131	Transit and Transportation (Local and Suburban Commuter Passenger Transportation, and Ferries, Passenger Railways, Bus Lines,	• Initial • Incremental (up to $15 in the U.S. and $25 non-U.S.)	7 days after estimated authorization or incremental approval response date
7996	Amusement Parks, Circuses, Carnivals, Fortune Tellers	• Estimated • Incremental	Same day the estimated or incremental authorization is performed
5812 5813	Restaurants and Bars	• Initial • Incremental Authorizations cannot be for an estimated amount, it must be the actual amount of goods ordered by the cardholder	Same day the estimated or incremental authorization is performed

Effective April 22, 2017, Visa is also introducing the following changes to Truck and Trailer Rentals

- Visa Car Rental category will change to **Vehicle Rental** to accommodate Truck and Utility Trailer Rentals (MCC 7513).
- Current car rental rules will apply to the Vehicle Rental category and will be classified as Travel and Entertainment (T&E)
- MCC 7513 will be added to U.S. CPS/Hotel and Car Rental card-present and card-not-present interchange programs.
- Merchants must ensure that the new estimated and incremental authorization processing requirements are met.

To help Issuers manage the holds on cardholder funds for these transactions more effectively, Visa will introduce new processing and disclosure requirements and will clarify rules relating to reversals, issuer hold releases, and chargeback rights for the following reason codes:

- 72 - No Authorization (will reflect new authorization validity limits and to provide issuers with recourse for auth request that lacks required indicators)
- 81 - Fraud: Card-Present Environment (representment will be permitted for transactions involving initial card-present transaction and one or more subsequent key-entered transactions, if the acquirer provides evidence that all transactions occurred during the same stay, trip or rental period)
- 83 - Fraud: Card-Absent Environment

The Timing: **Available** - OCTOBER **15, 2016**
Required – APRIL 22, 2017

Visa Reminds Merchants of Recurring Payment Transaction Rules

CNP/eComm

The Program: Visa reminds merchants that recurring payments should only be submitted with the recurring payment indicator when the transaction meets the definition of a recurring payment.

The Impact: Visa will be monitoring transactions for compliance. Fees for non-compliance may be assessed for improper use of the recurring payment indicator (transactions containing a recurring payment indicator and the transactions are not classified as recurring.)

Visa's Definition of a Recurring Transaction

- Multiple transactions processed at predetermined intervals not to exceed one year between transactions, representing an agreement between a cardholder and a merchant to purchase goods or services provided over a period of time.
- Unscheduled credential-on-file (COF)/ card-on-file transactions are not classified as recurring transactions and cannot contain the recurring payment indicator.
- This applies to transactions in the AP, Canada, LAC and CEMEA regions.

Visa Debt Repayment Transaction Rules Reminder

CP/CNP/eComm

The Program: Visa reminds merchants that debt repayment transactions are not to be processed using credit cards. Visa also reminds merchants that debt repayment transactions must contain the Debt Repayment Indicator in both the authorization and settlement messages for consumer and business debit card products.

Visa's Debt Repayment

The debt repayment transaction must be submitted with either:

- 6012 (Financial Institutions: Merchandise and Services) or;
- 6051 Non-Financial Institutions: Foreign Currency, Money Orders (Not Wire Transfer)

A U.S. merchant may only accept a Visa card to repay a debt only if the merchant:

- Accepts only Visa consumer debit cards, Visa Business Debit Cards and Visa prepaid cards for debt repayment. Visa credit cards cannot be accepted for repayment of debt
- Registered as a Limited Acceptance Merchant of eligible Visa debit category cards in all channels that debt repayments are accepted

A U.S. merchant may not accept a Visa card for debit repayment when:

- Debt representing payday lending
- Charged-off debt held by a non-financial institution or debt that has been sold to a non-financial institution
- Time-barred debt (debt that exceeds the statute of limitations and is no longer collectible in a lawsuit)

Visa Implements New Purchase Return Authorization Messages

CP/CNP/eComm

The Program: As more consumers utilize mobile and online banking, they are able to obtain near real-time information about their purchases. Today, consumers view the current process of returns/credit vouchers as deficient, as there is no communication about the refund transaction until the credit is actually posted several days later. As a result, cardholders have voiced concern over the amount of time it takes for a merchandise return to be credited to their account. Consequently, merchants have reported an increase in the number of customer service calls, inquiring into the status of a merchandise credit/return.

The Change: A first step to improving consumer perception of the return process may be to provide cardholders the same level of communication for returns as is currently provided for purchases. In an effort to reduce the amount of time it takes for a credit/refund to display to a cardholder's mobile and online account summary or other type of communication, Visa will require merchants and acquirers to begin to submit credits/refunds/purchase returns for authorization.

The credit/refund/purchase return authorization request will be displayed to the cardholder as a *pending* credit/refund. The credit/refund settlement transaction will continue to be used by merchants, acquirers, and issuers to return the funds back to the cardholder.

The Impact: Merchants must begin to submit credit/refund for authorization requests, which may result in development work in order to support. Please note the additional impact outlined below for chargeback and fee modifications.

- Credits/refunds/purchase returns that do not receive a valid authorization may be charged back by the issuer using chargeback reason code 71 (declined Authorization) and 72 (No Authorization, as applicable).
- Beginning April 1, 2017 Credit voucher authorizations will no longer be assessed the Network Acquirer Processing Fee (NAPF)
- Beginning July 1, 2018 Credit vouchers will be included in the Zero Floor Limit and Authorization Misuse Processing Integrity Fee Assessment

The Timing: APRIL 14, 2018

Visa Expands Fraud Monitoring Program to include U.S. Automated Fuel Dispensers (AFD)

CP

The Change: As part of Visa's announcement of the postponement of the EMV liability shift date for AFD until October 2020, Visa is also expanding their Visa Fraud Monitoring Program (VFMP) to include U.S. AFD. The inclusion of AFD is intended to help mitigate counterfeit fraud at U.S. AFD locations that exceed the Visa defined thresholds. Issuers will receive chargeback recovery rights for reported counterfeit fraud.

The Impact:

Effective July 1, 2017 – October 31, 2020

Visa Fraud Monitoring for Automated Fuel Dispenser merchants, MCC 5542, will occur for U.S. domestic counterfeit AFD transactions for merchant outlets that meet or exceed both the following monthly thresholds:

- USD 10,000 in U.S. issuer-reported counterfeit fraud in the previous calendar month
- 0.20% counterfeit fraud-dollar-to-sales-dollar ratio in the previous calendar month

Effective November 1, 2017 – October 31, 2020

Monitoring of U.S. domestic counterfeit AFD transactions may be classified as high risk for merchant outlets that meet or exceed both of the following monthly thresholds:

- USD 10,000 in issuer reported domestic counterfeit fraud in the previous calendar month
- 2% counterfeit fraud-dollar-to sales ratio in the previous calendar month

Visa Updates Rules for Transaction Receipt Storage and Fulfillment CP/CNP/eComm

The Change: Visa is updating their rules to simplify operations in an effort to reduce costs associated with transaction receipt storage and fulfillment.

The Impact:

Receipt Topic	Overview
Content Elements for Receipts	**Expiration Date** - Visa removed the receipt content requirement to disguise the payment product expiration date. However, merchants must continue to follow local laws regarding the expiration date. This is only effective in the U.S.
Providing Receipts to Cardholders	Merchants must provide cardholders with a receipt only when: • Merchant initiated the transaction (e.g., recurring and installment payments) • The receipt is required to make a refund, or when there are restrictive conditions of the sale • The cardholder requests a receipt; for all other transactions Merchants must have the ability to generate a paper receipt for the cardholder when necessary, but may provide an electronic receipt at the cardholder's request. E-commerce and contactless-only terminals - a merchant may provide an electronic receipt without offering a paper receipt. Merchants must continue to offer a receipt to the cardholder for ATM and Automated Fuel (AFD) transactions.
Request for Copy (RFC)	The acquirer must fulfill a request for copy within 30 days by sending the issuer a copy of the receipt bearing a signature when: • The RFC occurred within 120 days of the transaction processing date AND • The transaction occurred in the face-to-face environment and required a signature. Merchants are not required to respond to the RFC if the transaction does not meet the above criteria. However, the merchant and/or the acquirer may choose to: • Fulfill the RFC with a copy of the receipt • Include other relevant information in the fulfillment (e.g., card rental contract) • Send a non-fulfillment message Visa will update their rules to reflect that RFC in the card-not-present environment is not mandatory and will remove any references to substituted receipts and travel and entertainment (T&E) documents. Some disputes may be initiated more than 120 days after the processing date and documentation may be required to remedy chargebacks.
Merchant Receipt Retention	Currently, merchant receipt retention is 13 months. Visa will modify merchant receipt retention as following: • Change merchant receipt retention to 120 days for transactions that require a fulfillment • LAC Region intraregional transactions, merchant must retain receipts for 12 months and T&E documents for six months.

Effective Date: April 22, 2017

Visa Updates Fraud-Related Chargeback Rules, Implements Counterfeit Fraud Chargeback Blocking for Token Transactions, and Defines Request for Copy Requirements

CP/CNP/eComm

The Program: Visa is providing clarification around their rules to prevent chargebacks for fraudulent applications, is introducing new conditions for request for copy, and will begin to block counterfeit fraud chargebacks for token transactions.

The Changes:

Fraudulent Cardholder Applications and Chargeback Initiation

Cardholder accounts that are opened based on fraudulent applications do not have a cardholder to initiate a complaint. In this case, fraud-related chargeback rights are not applicable. Chargebacks reported as fraudulent applications are considered invalid since they lack a cardholder complaint.

The following chargebacks will be considered invalid for transactions reported to Visa as fraudulent applications:

Reason Code 57 - Multiple Fraudulent Transactions
Reason Code 81 - Fraud: Card-Present Environment, Conditions 1 (Cardholder Did Not Authorize) and 2 (Invalid Account)
Reason Code 83 - Fraud: Card-Absent Environment

Issuers must perform the following to classify a chargeback as fraud:

- Receive a valid cardholder complaint
- Report the transactions as fraud to Visa
- Block and reissue the card

Tokenized Transactions - Invalid Chargebacks to be Blocked by Visa

Chargeback Reason Code 62, Condition 2 (Counterfeit Transaction) will be considered invalid for all tokenized transactions. Visa will implement an edit to block chargebacks from being submitted to the acquirer and will return them to the issuer.

Request for Copy (RFC)

Visa requires merchants to retain all transaction receipts for 13 months and to respond to valid retrieval request by an issuer.

Merchants are required to provide a transaction receipt bearing the cardholder's signature when:

- Transaction amount is above the Easy Payment Service (aka No Signature Program) transaction amount thresholds
- Occurs in a face-to-face environment
- Cardholder verification method (CVM) was not a PIN or consumer device cardholder CVM (e.g., iPhone thumbprint or password)

Visa Introduce Visa Claims Resolution (VCR) Initiative October 2017 CP/CNP/eComm

The Program: Visa has announced that they will be modifying their dispute process. The new Visa Claims Resolution (VCR) is a new dispute process flow that Visa will implement in October 2017 as a way to simplify the dispute process.

The Change: The new process will simplify dispute processing by migrating from a litigation-based approach to a liability-assignment-based approach. Some of the key elements of VCR are:

- Visa will introduce a quality check on first chargebacks and reject those that are invalid, eliminating approximately 14% of first chargebacks that Merchants receive
- Standardize on transaction data housed at Visa to ensure higher quality and more complete transaction information is associated with all disputes
- Reduce the current 22 Reason Codes and create 4 dispute categories (Fraud, Authorization, Processing Errors, and Consumer Disputes)
- For disputes related to Fraud and Authorization, Visa will automatically assign liability to either the Merchant or Financial Institution via a process called Allocation
- For disputes related to Processing Errors and Consumer Disputes, the process will remain similar to the current system. VCR refers to this as Collaboration
- Shorten response timeframes leading to the faster resolution of disputes

The Impact: Visa will reduce the amount of time, the number of touchpoints as well as simplify the overall process involved in resolving disputes. This will be achieved by systematically routing disputes through one of two new processes - allocation and collaboration.

- Proactively eliminate invalid disputes and responses
- Apply automated liability assignment, where possible
- Provide a more efficient process with simplified rules
- Provide user-guided workflows
- Reduce resolution time limits

The new VCR Process Flow is aimed at:

- Simplifying existing processes by consolidating the current 22 different chargeback reason codes into 4 dispute categories:
  - Fraud
  - Authorization
  - Processing Errors
  - Consumer Disputes
- Introducing automation for certain dispute types by using Visa transaction data and operating regulation rules to make an automated, real time liability assignment decision

Vantiv is working to identify how this new process will impact our merchants' existing disputes process. Additional details will be provided as it becomes available. You may read more about Visa's new claims process by visiting Visa's site.

American Express®

American Express Offline and Online PIN Requirement and Legacy Expresspay Decommision Reminder

CP

The Program: Merchants with Chip and PIN POS Systems are required to support both Offline and Online American Express PIN transactions. Merchants are also required to decommission contactless readers utilizing Expresspay 1.0 and 2.x, and should be using American Express' ExpressPay Terminal Specifications 3.0.

The Change:

- All **existing** Chip and PIN POS Systems must be certified to support both Offline and Online PIN **December 31, 2018**.
- Contactless readers supporting **Expresspay Terminal Specification 1.0 must be decommissioned by December 31, 2016**
- Contactless readers supporting **Expresspay Terminal Specification 2.x must be decommissioned by December 31, 2018.**

The Impact: Failure to support new Expresspay Terminal Specifications may result in declines or impact the cardholder experience.