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## CHAPTER THREE – ACQUIRER AND TERMINAL OPERATOR REQUIREMENTS

### SECTION 3.1 General Acquirer Requirements

Each Acquirer shall have primary responsibility and liability for performance of the obligations of an Acquirer under these Rules, regardless of whether any such obligations, including acting as Terminal Operator, are performed by the Acquirer or by a third party on behalf of the Acquirer. No delegation of duties by an Acquirer to a third party shall relieve such Acquirer of its liability for performance of such duties hereunder, and each Acquirer shall ensure that any activity performed by a third party on its behalf is performed in compliance with these Rules and hereby warrants such compliance to each other Participant. The duties of each Acquirer shall include the following:

- a. **Acquirer Agreement.** Each Acquirer shall enter into an Acquirer Agreement with an Issuer or its Designated Agent stating its agreement to comply with and be bound by these Rules, as such may be amended from time to time. Each Acquirer Agreement shall acknowledge the ownership of the QUEST Mark by NACHA and NACHA's exclusive right to license the use of the QUEST Mark under these Rules. These Rules do not restrict any other terms or conditions of the Acquirer Agreement, provided that such terms and conditions do not conflict with these Rules. Each Acquirer must keep a copy of each of its Acquirer Agreements at its headquarters. An Acquirer may, at its option, enter into Acquirer Agreements with more than one Issuer.
- b. **Transaction Processing.** Each Acquirer shall ensure that Terminals it owns, operates, controls, or for which it has signed an agreement to accept Transactions, shall operate and support Transactions in accordance with these Rules.
- c. **Settlement.** Each Acquirer shall settle all Authorized Transactions in accordance with these Rules.
- d. **ATM Acquirer.** Each ATM Acquirer shall have primary responsibility and liability for operating the telecommunications and processing system (including software and hardware) through which Transactions initiated at its ATMs, including sponsored ATMs, are processed and routed, directly or indirectly, to the appropriate Issuer.
- e. **POS Acquirer.** Each POS Acquirer shall have primary responsibility and liability for operating the telecommunications and processing system (including software and hardware) through which Transactions initiated at POS Terminals it owns, operates, controls or for which it has signed an Agreement to accept EBT Transactions, are processed and routed, directly or indirectly, to the appropriate Issuer. Each POS Acquirer also shall enter into Merchant Agreements in accordance with Chapter 4 and shall be jointly and severally liable with its Merchants for the compliance of such Merchants with these Rules.
- f. **Notice and Approval of Merchants.** Each Acquirer shall provide written notice to its Issuer of the identity of each Merchant with which it has entered into an agreement under these Rules, not less than three (3) Business Days prior to the initiation of the first Transaction by such Merchant. Each Issuer shall notify a Merchant or Acquirer if the Issuer determines at any time that the incidence of Cardholder complaints regarding a Merchant or an Affiliated Retailer is unsatisfactory. In assessing the performance of the Merchant or Affiliated Retailer, the Issuer may consider Cardholder allegations including, but not limited to, those:
  - (i) Transactions that were not made as indicated on the records furnished by the Merchant or Affiliated Retailer to the Issuer; or
  - (ii) Transactions that were in amounts that differed from those indicated on such records; or
  - (iii) Transactions that were fraudulent.



If any of these allegations are determined by the Issuer to be in excess of a level satisfactory to the Issuer, the Issuer may pursue any available remedies.

- g. Authorized Merchants for SNAP Transactions.** Only a Merchant that has received authorization from FCS to participate in the SNAP EBT Program may accept Cards for SNAP Transactions. Each Acquirer for a Merchant that seeks such participation shall confirm with FCS or a Government Entity designated by FCS that the Merchant is authorized to accept Cards for SNAP Transactions, and shall be liable for the amount of any transaction completed at a Merchant for which it has not obtained such confirmation of FCS authorization as FCS may require from time to time. Each Acquirer shall ensure that it or its Terminal Operator does not process SNAP Transactions for a Merchant promptly following receipt of notice that the FCS authorization of such Merchant has been revoked, rescinded or otherwise eliminated.
- h. Third Party Service Provider Registration Program.** Each Acquirer using the services of a Third Party Service Provider, including one acting as a Terminal Operator, must (a) enter into a Third Party Provider Agreement with such Third Party Service Provider pursuant to which the Third Party Service Provider agrees to be bound by and comply with these Rules, as such Rules may be amended from time to time, and (b) comply with the provisions of Chapter 7.
- i. Investigation and Audit.** If NACHA has reasonable cause to question the accuracy, timeliness, completeness or reliability of any activities undertaken by or on behalf of an Acquirer under these Rules, or the compliance of the Acquirer with these Rules, such Acquirer shall provide to NACHA full and free access to all records and systems related to the routing, processing and Settlement of Transactions, including records and systems of the Acquirer's Merchants and Third Party Service Providers, for the purpose of examination of or auditing such performance and compliance. At NACHA's discretion, such examination or audit may be conducted, at the Acquirer's expense, by (a) an outside auditor of the Acquirer's choosing, (b) NACHA or (c) a third party retained by NACHA at the Acquirer's expense. If such examination or audit reveals any exception to the Acquirer's compliance with these Rules, the Acquirer shall promptly remedy such exception. To the extent feasible, NACHA shall coordinate any such examination or audit with and rely upon any comparable examination or audit performed by a Network. These Rules shall not limit the authority of a Government Entity to audit a Participant under any agreement or Applicable Law. The agreements between Participants that are required by these Rules may provide for additional audit requirements between such Participants.
- j. Applicable Law.** Each Acquirer shall comply with all Applicable Laws with respect to its activities hereunder.
- k. Notice of Termination.** If an Acquirer terminates a Merchant Agreement other than upon the expiration of the term of that agreement, the Acquirer shall notify its Issuer.
- l. Terminal Participation.** These Rules do not require that any minimum number or percentage of an Acquirer's ATMs participate under the QUEST Mark.
- m. Limits on Cash Transaction Locations.** No Terminal located on the premises of a business that is prohibited from disbursing cash benefits under the Temporary Assistance for Needy Families program may complete Cash Transactions. Without limiting the foregoing, and unless modified by statute or regulation, Terminals located on the premises of any of the following are prohibited from completing Cash Transactions: (i) liquor stores, (ii) casinos, (iii) gambling casinos, (iv) gaming establishments, and (v) retail establishments which provide adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment. Each of the terms used in clauses (i) – (v) shall have the meanings assigned in Section 4004 of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) and the regulations promulgated thereunder, as the same may be amended from time to time. *(Amended April 11, 2014)*



### **SECTION 3.2 Display of QUEST Mark**

- a. **Display.** Each Acquirer shall ensure that the QUEST Mark is displayed on each of its designated ATMs and POS Terminals in accordance with these Rules and the Quest Graphic Standards Manual wherever any other payment system acceptance mark is displayed, no later than forty-five (45) days after the Acquirer first processes a Transaction from that Terminal. As set forth in the Definitions Chapter of these Rules, references to ATMs and POS Terminals or Terminals generally include only terminals that are designated to accept Cards. *(Amended May 23, 2001)*
- (i) **Merchant.** On behalf of its Acquirer, each Merchant shall display the QUEST Mark on all signs or decals at the Merchant's POS Terminals and storefront entrance door(s) and/or window(s) wherever any other payment system acceptance mark is displayed. A QUEST Mark does not have to be displayed on designated POS Terminals or storefront entrance door(s) and/or window(s) if no other payment system accept mark is displayed at these locations. Each Merchant may use the QUEST Mark solely to inform the public that Cards will be honored at the Merchant's place of business. Each Merchant shall display the QUEST Mark in conjunction with the appropriate icon designating the type of benefits accepted in accordance with the Quest Graphic Standards Manual. Each merchant that changes status between Cash Account Merchant, SNAP Only Merchant or Full Service Merchant categories shall promptly modify its use of the QUEST Mark to comply with these Rules and the Quest Graphic Standards Manual. *(Amended September 27, 1996 and May 23, 2001)*
- (ii) **ATMs.** Each Acquirer shall display the QUEST Mark on or near each ATM solely to inform the public that Cards will be honored at the ATM.
- b. **Compliance.** All displays of the QUEST Mark by Acquirers, including by Merchants on behalf of Acquirers, by way of decals, signs, printed and broadcast materials or otherwise, must comply with these Rules and the Quest Graphic Standards Manual and must be used solely to indicate that Cards are accepted for payment and not to indicate endorsement of any goods or services other than the Transactions governed by these Rules.
- c. **Termination.** Upon termination of a Merchant Agreement for any reason, the Merchant shall cease to display the QUEST Mark, shall not in any way use the QUEST Mark, and shall promptly either return to the Acquirer or destroy any materials displaying the QUEST Mark, unless the Merchant shall have entered into a new Merchant Agreement. Upon termination of its Acquirer Agreement for any reason, an Acquirer shall cease to display the QUEST Mark, shall not in any way use the QUEST Mark, and shall promptly either return to NACHA or destroy any materials displaying the QUEST Mark, unless the Acquirer shall have entered into a new Acquirer Agreement.

### **SECTION 3.3 Rules for Surcharges**

An Acquirer may impose a Surcharge only with respect to an authorized and completed Transaction of the following type: Withdrawal from Cash Account, Purchase Only from Cash Account or Purchase with Cashback from Cash Account. No other fee may be imposed on a Cardholder by an Acquirer, Terminal Operator or Merchant as a condition to accepting a card. *(Amended January 25, 2000)*

Each Acquirer must ensure that the following requirements are met prior to permitting a Surcharge to be imposed at any of its Terminals:

- a. **Notice.** Each Acquirer must notify its Issuer of any Surcharge that it, or its Terminal Operator(s) or Merchant(s), intends to impose with respect to Transactions.
- b. **Terminal Requirements for Surcharges.** No Surcharge may be imposed with respect to an ATM Transaction unless the Cardholder is given prior on-screen notice:



- (i) that such Surcharge will be applied;
  - (ii) of the amount or percentage of such Surcharge;
  - (iii) that the Cardholder has the option to continue or cancel the Transaction; and
  - (iv) of the name of the entity imposing the Surcharge, if the Terminal is capable of doing so.
- c. **Fee Notice Requirement for Surcharges.** Each Acquirer must ensure that a notice of any permitted Surcharge is posted on or near each Terminal to which such Surcharge applies in a location that is clearly visible and conspicuous to the Cardholder while using the Terminal. The notice must be approved by NACHA after consultation with the Acquirer and its Issuer, and shall bear the heading "Fee Notice" and meet the following minimum requirements or comparable requirements of a Network in which such Terminal participates:
- (i) The size of the notice must be a minimum of (A) 4" x 4" at an ATM or (B) 1 2" x 4" at a POS Terminal unless incompatible with the size of the PIN Pad;
  - (ii) At a POS Terminal, the notice shall be attached to the PIN Pad unless the size of the PIN Pad makes this infeasible, in which case:
    - A. The heading "Fee Notice" must be set in a minimum of 14 point type; and
    - B. The text must be set in a minimum of 10-point type.
  - (iii) At an ATM, the heading "Fee Notice" must be set in a minimum of 18 point type and the text must be a minimum of 14 point type.
- d. **Fee Notice Text.** The text of the notice must identify the entity imposing the Surcharge and must contain the specific amount or percentage of the Surcharge. The Notice should read as follows unless alternative language identifying the entity imposing the Surcharge and the amount of the Surcharge is required by a Network in which the Terminal participants:
- (Full name of the entity that imposed the Surcharge, or, if the Terminal is located on a Merchant's premises and the Merchant so elects, the phrase "This Merchant") charges a fee of \$x.xx (X%) for performing this Transaction. This fee is added to the amount of your Transaction and is in addition to any fees that may be charged by the entity that issued your Card.
- e. **Reserved.** (Amended January 25, 2000)
- f. **Surcharges on a Partial Dispense.** If a Surcharge is based on a percentage of the Transaction amount, but only a portion of the funds for the Transaction are actually dispensed, the Terminal Operator must process a Correction Request to make the Surcharge proportionate to the amount actually dispensed. (Amended December 1, 2000)
- g. **Surcharge on a Reversal.** Any on-line Reversal of a complete Transaction must include as a part of the on-line Reversal a Reversal of any Surcharge associated with such Transaction.
- h. **Surcharge Receipt Requirement.** The amount of any Surcharge levied on the Cardholder must be listed as a separate item and identified either by the word "Fee" preceded by an acronym or other word or symbol identifying the entity levying the Surcharge or, if a Merchant's name appears on the receipt and the Merchant so elects, by the phrase "Merchant Fee," or if the ATM Acquirer's or owner's name appears on the receipt and that entity so elects, by the phrase "Terminal Fee."



- i. **Audit Record.** Each Terminal Operator for a Terminal where Surcharges are imposed shall maintain a separate reference in the audit record of each Surcharge imposed at such Terminal.

### **SECTION 3.4 Chained Transactions**

No Acquirer shall permit a Chained Transaction at its Terminals unless the Transaction takes place at a Terminal that retains the Card in the Terminal for the duration of the Transaction session.

### **SECTION 3.5 Transaction Restrictions**

Each ATM Acquirer shall not impose minimum Transaction amount limitations at its ATMs greater than \$20.00 per Transaction or maximum Transaction amount limitations less than \$200.00 per Transaction.

### **SECTION 3.6 SNAP Merchandise Refunds and Cash Merchandise Refunds**

Each Acquirer shall be liable to the Issuer for each SNAP Merchandise Refund and each Cash Merchandise Refund submitted by or on behalf of such Acquirer and authorized by or on behalf of the Issuer. The Acquirer shall settle for the full amount of such Transaction. *(Amended September 26, 2014)*

### **SECTION 3.7 Exception Processing**

Each Acquirer and its respective Merchants shall bear the risk of denial, for any reason, of a Store and Forward Transaction or Manual SNAP Transaction for which Telephone Authorization was not received. *(Amended September 26, 2014)*

### **SECTION 3.8 Maintenance of Records**

Each Acquirer or Terminal Operator on behalf of the Acquirer, shall maintain a record of each Transaction communicated to or by it for a period of two (2) years or such longer period of time as may be required under Applicable Law.

## **GENERAL TERMINAL OPERATOR REQUIREMENTS FOR ATMs AND POS TERMINALS**

### **SECTION 3.9 Agreements**

Each Terminal Operator that is not an Acquirer shall enter into a Third Party Provider Agreement with an Acquirer pursuant to which such Terminal Operator agrees to be bound by and comply with these Rules, as such Rules may be amended from time to time.

### **SECTION 3.10 Interface**

Each Terminal Operator shall maintain the necessary computer hardware and software to interface either directly with a CAS or with a Third Party Service Provider to obtain access to one or more CASs.

### **SECTION 3.11 General Operating Standards**

- a. **Required Data Transmission.** Terminals must transmit all information electronically as specified in these Rules.
- b. **Track 2 Transmission.** The entire unaltered contents of Track 2 must be transmitted to the CAS.



- c. **Message Format.** Each Terminal Operator shall use the ISO 8583 message format, modified for EBT in a version mutually agreed to between the Terminal Operator and its CAS, for all Transactions. Each Terminal Operator shall process each Transaction as a single message financial Transaction, except for Preauthorized Transactions.
- d. **Modification of Transactions.** No Terminal Operator may modify or alter a Transaction message except to correct a technical error in message format.

**SECTION 3.12 Terminal Standards**

Each Terminal Operator shall ensure that its Terminals have the following physical characteristics:

- a. **Magnetic Stripe Reader.** Each Terminal must have a Magnetic Stripe Reader that is used to initiate Transactions, except as otherwise provided in these Rules for certain POS Transactions. For a POS Terminal the Magnetic Stripe Reader must be at, or in immediate proximity to, the Point of Sale where a Card is accepted.
- b. **Keyboard.** Each Terminal must have an alphanumeric keyboard necessary for the completion of Transactions. Each Terminal keyboard must be capable of performing actions, functions, and data entry according to ANSI standards. Each Terminal must lock the keyboard and prevent additional Transactions, other than a Cancellation, from being initiated while a Transaction is being processed. The keyboard conversion from letters to numbers shall be as follows:

<u>Alphabetic Character</u>	<u>Numeric Equivalent</u>
QZ	1
ABC	2
DEF	3
GHI	4
JKL	5
MNO	6
PRS	7
TUV	8
WXY	9
(Not applicable)	0

- c. **Data Entry Keypad.** Each Terminal Operator shall provide a data entry keypad or appropriate alternative to enable the entry of alphanumeric data necessary for Transactions, including entry of PINs having from 4 to 6 characters. The alphabetic characters and their corresponding numeric equivalent shall be consistent with the keyboard format specified in these Rules.
- d. **Cancel Key.** Each Terminal must have a cancel function to enable a Cardholder to cancel a Transaction when an error has been made or when the Cardholder wishes to stop the Transaction prior to Authorization, and must otherwise support Cancellations.
- e. **Printed Documentation.** Each Terminal must have a journal printer or other capability to print records of Transactions, including, at a minimum, the information, other than Available Balance, provided on the Transaction receipt and, for Transactions that are denied, the denial reason communicated by the CAS.



- f. **Receipt Printer.** Upon completion of an Authorized Transaction, other than a Balance Inquiry, each ATM and POS Terminal must make available to the Cardholder a receipt that complies with Applicable Law and contains the following information: *(Amended October 8, 1998)*
- (i) the final four digits only of the Card number or, solely at an ATM that allows the Cardholder the option of not receiving a receipt for each Transaction, either the final four digits of, or the entire, Card number; *(Amended October 8, 1998)*
  - (ii) information that would satisfy the receipt requirements of Regulation E, 12 C.F.R. Section 205.9, if such regulation were otherwise applicable to the Transaction; and
  - (iii) the amount of any Surcharge levied on the Cardholder in accordance with these Rules and Applicable Law, listed as a separate item in accordance with Section 3.3(h).
- g. **Time-Out Requirements.** Each Terminal Operator shall ensure that its Terminals wait a reasonable time from the sending of a Transaction Request for a response before terminating the Transaction due to the failure to receive a timely response. This period of time must account for reasonable time for the CAS to process the request, Switch timers and reasonable telecommunications time for the transmission of the Transaction Request and Transaction Response.

### **SECTION 3.13 Routing of Transactions**

Each Terminal Operator shall establish a direct or indirect telecommunications connection for the routing of Transactions to the CAS for its Acquirer's Issuer, or to a Network or Processor directly or indirectly connected to the CAS.

### **SECTION 3.14 Transactions at Scrip Terminals**

Scrip Terminals are considered to be POS Terminals for purposes of these Rules, except with respect to the following special conditions on the use of Scrip Terminals to effectuate Transactions:

- a. No Terminal Operator may utilize a Scrip Terminal to initiate a SNAP Transaction.
- b. Each Terminal Operator shall clearly and conspicuously post the following information at or near each of its Scrip Terminals:
  - (i) The location(s) or place(s) of redemption for the Scrip.
  - (ii) The days and hours of operation of such location(s).
  - (iii) Any time limit within which the Scrip must be redeemed.
  - (iv) Any policy regarding lost or stolen Scrip and refunds for unused Scrip.
  - (v) Any restrictions, including daily Transaction limits, imposed by the Terminal Operator or Merchant on the number or value of Transactions for the purchase or redemption of the Scrip.
  - (vi) Notification that the Cardholder's account will be debited when the Transaction is completed, regardless of whether the Scrip is redeemed.
  - (vii) Any other restrictions on the issuance or redemption of the Scrip.



- c. Each Terminal Operator shall clearly and conspicuously print on the Cardholder's receipt or Scrip voucher any expiration date for redemption of the Scrip issued.

### **SECTION 3.15 Key Entry of PAN Transactions**

If a POS Terminal is unable to read the Magnetic Stripe of a Card, a POS Terminal Operator, on behalf of one or more Acquirers and Merchants, may permit the manual entry of the PAN into the Terminal in order to process a POS Transaction; provided, however, that the Cardholder must be present and must enter the PIN himself or herself. Provided, further, that the Card must be present to initiate a Transaction. The POS Terminal Operator must identify each such Transaction as key-entered in the Transaction message. Key entry of the PAN is not permitted at ATMs. *(Amended January 9, 1998 and February 2, 2001)*

### **SECTION 3.16 Use of PIN and Magnetic Stripe Reader**

Each original Transaction must be initiated by swiping, dipping or inserting a Card through a Magnetic Stripe Reader and by the Cardholder keying in the PIN at the ATM or at the PIN Pad located at or in proximity to the POS Terminal; except as otherwise expressly provided herein. The Card must be present to initiate a Transaction. *(Amended February 2, 2001)*

### **SECTION 3.17 IIN Files**

Each Terminal Operator that uses a routing table for routing acquired Transactions shall, within seven (7) calendar days of receiving an IIN routing table update, modify its routing tables to reflect the updated routing information.

### **SECTION 3.18 PIN Confidentiality and Security**

Each Terminal Operator shall ensure the following with respect to each Transaction it processes:

- a. upon entry into a PIN Pad, each PIN must be encrypted using DES;
- b. initial PIN encryption must be performed within either a "Physically Secure" or a "Logically Protected" TRSM and must utilize a corresponding key management technique, as specified in Section 4.1 of ANSI X9.24-1992, and as listed below:

#### **Physically Secure TRSM**

1. Fixed Transaction Keys
2. Master Keys/Transaction Keys Unique Key per Transaction
3. Non-Reversibly Transformed
4. Derived Unique Key per Transaction

#### **Logically Protected TRSM**

1. Non-Reversibly Transformed
2. Derived Unique Key per Unique Key per Transaction

- c. the PIN must remain encrypted until it reaches the CAS;
- d. any translation of the PIN by a Terminal Operator, including any translation at the Acquirer's central processing computer, must be performed within a Physically Secure TRSM, without the use of software; and





- e. all keys by which PINs are encrypted must be generated in a secure manner and management of encryption keys must meet the standards as set by the ANSI X98.8-1982; X9.24-1992; and X3.92-1987. At a minimum, all encryption keys must be subject to dual control, i.e. no single person shall have control over all parts of any encryption key. If there is a known or suspected compromise of an encryption key, internal escalation procedures must be followed and the encryption key must immediately be changed.

### **SECTION 3.19 Confidentiality**

No Terminal Operator shall reveal to any third party any information regarding a specific Transaction or series of Transactions involving any one Cardholder without such Cardholder's prior written consent, except:

- a. to each Participant involved in or necessary to effect the Transaction or resolve any alleged error regarding a Transaction;
- b. to any other person who is a party to the Transaction or is necessary to effect the Transaction;
- c. to its auditors;
- d. as required by these Rules; or
- e. as required by Applicable Law.

### **SECTION 3.20 [Reserved]**

### **SECTION 3.21 Transaction Record Retention**

Each Terminal Operator shall retain prompt access to records for all Transaction activity for a minimum period of seven (7) calendar days. Such records shall be in a retrievable form on a media and format as required by the Acquirer's Issuer. Each Terminal Operator shall deliver such records to any Issuer or CAS involved in the Transaction requesting them within seven (7) Business Days' receipt of an electronic or telefacsimile transmission of a request for such records. Each Terminal Operator shall certify as to its ability to comply with the requirements of this Rule at the time it qualifies to process Transactions.

Each Terminal Operator shall participate in periodic tests of its ability to comply with the requirements of this Rule no more frequently than annually and shall correct any noncompliance identified by such test or by audit as soon as reasonably possible. Each Issuer or Acquirer may conduct an annual audit of each of its Terminal Operators' ability to retain and deliver the foregoing information on magnetic tape or other agreed to medium and shall provide at least six (6) weeks written notice of such test to each Terminal Operator required to participate therein.

### **ATM OPERATOR REQUIREMENTS**

In addition to the general obligations of all Terminal Operators, each ATM Operator shall comply with the provisions of Sections 3.22, 3.23, 3.24, 3.25 and 3.26.

### **SECTION 3.22 ATM Transactions**

Each ATM Operator must support each of the following ATM Transactions:



- a. **Withdrawal from Cash Account.** This Transaction may be supported by the existing checking account withdrawal function and key. The Terminal Operator must print the remaining Available Balance communicated by the CAS on the ATM receipt if the ATM is physically capable of printing such Available Balance.
- b. **Balance Inquiry from Cash Account.** This Transaction can be supported by the existing checking account balance inquiry function and key.
- c. **Correction Requests and Correction Responses.** (Amended December 1, 2000)
- d. **Reversal.** Each ATM Operator must be able to initiate Reversals and partial Reversals at the ATMs it drives.

### **SECTION 3.23 ATM Terminal Operating Standards**

In addition to the standards identified for all Terminals, ATMs must have the following physical characteristics:

- a. **Display.** Each ATM must enable the Cardholder to view data entered into the Terminal or received in response to a Transaction. The PIN keyed in by the Cardholder must not be displayed.
- b. **Action Key.** Each ATM must have an action key to enable a Cardholder to select the function shown on the display or printed on the key.
- c. **Denial Message Content.** Each ATM must have the capability of printing or displaying for the Cardholder the following (or similar) responses or corresponding codes in connection with the associated Transaction denial message:
  - (i) invalid PIN;
  - (ii) invalid Transaction;
  - (iii) NSF (non-sufficient funds);
  - (iv) invalid Account;
  - (v) failure to receive a timely response; and
  - (vi) system malfunction.

The ATM Operator must provide an appropriate message to the Cardholder in any instance where the attempted Transaction is denied. If a specific reason cannot be provided for the rejection, the message shall refer the Cardholder to the Issuer.

### **SECTION 3.24 Authorization of Transactions**

No ATM Operator may dispense cash at an ATM without receiving an on-line Authorization from a CAS. Each ATM Operator must request Authorization of a Transaction notwithstanding the fact that the Card used to initiate the Transaction is past its expiration date.



### **SECTION 3.25 Cameras**

These Rules do not require cameras at ATM locations. If an ATM Acquirer does have cameras at such locations, pictures obtained with such cameras with respect to a disputed Transaction shall be provided to a requesting Issuer within seven (7) Business Days of the Acquirer's receipt of a request from the Issuer. Such pictures shall be provided and used at the sole expense of the Issuer at rates generally applicable with respect to comparable requests in commercial systems.

### **SECTION 3.26 Customer Service**

Each ATM Operator shall respond to requests for customer assistance from Cardholders in the same manner that such ATM Operator would respond to any other commercial debit customer. For matters other than general information, each ATM Operator shall direct the Cardholder to the Issuer for that Card.

### **REQUIREMENTS FOR ALL POS TERMINAL OPERATORS**

In addition to the general obligations of all Terminal Operators, each POS Terminal Operator shall comply with the provisions of Sections 3.27, 3.28, 3.29 and 3.30.

### **SECTION 3.27 Correction Requests**

Each POS Terminal Operator must support the following:

- a. **Correction Requests.**
- b. **Correction Responses.**
- c. **Reversals.** Each POS Terminal Operator must support Reversals, including a Reversal due to a Cardholder's attempted cancellation of a POS Transaction following the release of the Transaction Request by the POS Terminal Operator. If the POS Terminal Operator permits a Cardholder to void the immediately preceding Transaction due to mis-keyed information, the void shall be transmitted to the CAS as a Reversal. *(Amended November 15, 2001 and September 26, 2014)*

### **SECTION 3.28 Transaction Restrictions**

A POS Terminal Operator may not impose either minimum or maximum POS Transaction limitations on any Cardholder. Notwithstanding the foregoing, limitations on the amount of the cash portion of a Cashback Transaction are not prohibited.

### **SECTION 3.29 Authorization of Transactions**

Each POS Terminal Operator must request authorization of a Transaction even if the Card used to initiate the Transaction is past its expiration date, except with respect to Manual SNAP Transactions for which a Telephone Authorization cannot be obtained and Store and Forward Transactions. *(Amended September 26, 2014)*

### **SECTION 3.30 POS Terminal Operating Standards**

In addition to ensuring compliance with the requirements for all Terminals, each POS Terminal Operator must ensure that each POS Terminal it operates has:



- a. **Connectivity.** An on-line connection to the system for Transaction processing and routing, whether operated by the Acquirer or the POS Terminal Operator, or an immediate dial-up connection to that system.
- b. **PIN Pad.** At, or in immediate proximity to, any Point of Sale where a Card is accepted, an operating PIN Pad with an alphanumeric keyboard that meets the standards set forth in these Rules. The PIN Pad must be positioned in such a way as to afford the Cardholder reasonable privacy while entering his or her PIN and conducting a POS Transaction. Each PIN must be encrypted at the POS Terminal or in the PIN Pad if it is separate from the POS Terminal.
- b. **Denial Message Content.** Each POS Terminal must have the capability of printing or displaying for the cardholder the following (or similar) responses or corresponding codes in connection with the associated Transaction denial message:
  - (i) invalid PIN; or
  - (ii) other denial.

### POS TERMINAL OPERATOR REQUIREMENTS FOR POS CASH TRANSACTIONS

In addition to the general obligations of all Terminal Operators and of all POS Terminal Operators, each POS Terminal Operator for a Cash Account Merchant or Full Service Merchant shall comply with the provisions of Sections 3.3 1, 3.3 2, 3.3 3, 3.3 4 and 3.3 5.

#### SECTION 3.31 POS Transactions

Each POS Terminal Operator for a Cash Account Merchant or a Full Service Merchant must support Purchase Only from Cash Account Transactions. This Transaction may be supported by the standard debit function at a POS Terminal.

#### SECTION 3.32 Optional POS Transactions

At its option, each POS Terminal Operator for a Cash Account Merchant or a Full Service Merchant may support the following Transactions:

- a. **Purchase with Cashback from Cash Account.** This Transaction may be supported by the existing debit function at a POS Terminal. These Rules do not place any limit on the amount of the cashback portion of a POS Transaction.
- b. **Balance Inquiry from Cash Account.** This Transaction may be supported by the existing checking account Balance Inquiry function and key.
- c. **Cash Only from Cash Account.** This Transaction may be supported by the existing debit function at the POS Terminal. These Rules do not place any limit on the amount of a Cash Only from Cash Account Transaction.
- d. **Preauthorized Transaction from Cash Account.** A Preauthorized Transaction is a two-part Transaction which consists of a Preauthorization request and a Completion. Each POS Terminal Operator supporting Preauthorized Transactions shall comply with the following requirements:
  - (i) **Request** - Each Preauthorization request transmitted to the CAS must be initiated through the use of a Magnetic Stripe Reader and a PIN entered by the Cardholder and must be for \$40.00 or less.



(ii) **Completion** - Each POS Terminal Operator must transmit a Completion to the CAS when the Cardholder completes the purchase and the final Transaction amount is entered. Each Completion must be sent within two hours after the Preauthorization request is sent. The Completion must be in an amount less than or equal to the amount of the Preauthorization response provided by the CAS.

(iii) **Exceeded Time Limit/Exceeds Amount** - If the POS Terminal Operator sends a Completion more than two hours after it sent the corresponding Preauthorization request, the Issuer shall have no liability for such Transaction. The Issuer, in its sole discretion, may accept a Completion in accordance with the provisions of Chapter I notwithstanding that it was not timely presented. The Issuer also shall have no liability for a Transaction if the amount of the Completion is in excess of the amount of the Preauthorization. The Issuer, in its sole discretion, may accept a Completion in accordance with the provisions of Chapter I notwithstanding that the amount of the Completion exceeds the amount of the Preauthorization.

e. **Refunds on Cash Account Transactions. (Amended September 26, 2014)**

(i) **Option to Process Cash Merchandise Refunds** - A POS Terminal Operator may process an electronic refund to a Cash Account with respect to a previously Authorized Transaction if that Transaction type is supported for the relevant EBT Program. In all other cases, a refund associated with a POS Cash Transaction must be handled by the Merchant in the same manner as the Merchant would handle a refund with respect to a cash purchase.

(ii) **Standards for Cash Merchandise Refunds** - Each Cash Merchandise Refund may be processed only with the Card that initiated the original Transaction and to the Cash Account from which funds were debited. Each Cash Merchandise Refund request must be initiated through the use of a PIN and Magnetic Stripe Reader. No POS Terminal Operator may process a Cash Merchandise Refund request in an amount that exceeds the original Transaction amount. The POS Terminal Operator must print on the receipt for a Cash Merchandise Refund the Available Balance communicated by the CAS.

**SECTION 3.33 Reserved (Amended September 26, 2014)**

**SECTION 3.34 Optional Store and Forward Cash Transactions and Resubmissions (Amended September 26, 2014)**

a. **Submission of Store and Forward Cash Transactions.** If at any time, a POS Terminal Operator is unable electronically to communicate with a CAS or any entity providing Stand-In Authorization for the CAS because of a technical malfunction, the POS Terminal Operator may electronically store and forward a Cash Transaction, provided that the Cardholder's PIN is stored only in an encrypted format. The Transaction must be forwarded within twenty-four (24) hours after communication with the CAS is reestablished. Each Store and Forward Cash Transaction is conducted at the risk and liability of the Acquirer and the Merchant. Any allocation of liability between the Acquirer and the Merchant shall be governed by the Merchant Agreement.

b. **Resubmission of Denied Store and Forward Cash Transactions.** A POS Terminal Operator may not resubmit any Transaction for which a denial has been received due to any reason other than for an error in message format. If a Store and Forward Cash Transaction is denied by the CAS due to an error in message format, the Terminal Operator may correct the problem that led to denial of the Transaction and resubmit such corrected Transaction for Authorization and payment by the CAS. Such Resubmission shall be made as promptly as possible following the receipt of such denial message. The POS Terminal Operator may not resubmit a Partially Authorized Transaction.



### **SECTION 3.35 Cashback Reporting**

Effective January 1, 1998, each POS Terminal Operator that processes Cashback Transactions shall transmit, for each such Cashback Transaction, the amount of cash given to a Cardholder in the Transaction message to the CAS. Following January 1, 1998, no POS Terminal Operator may initiate a Cashback Transaction without complying with this Rule.

### **REQUIREMENTS FOR POS TERMINAL OPERATORS PROCESSING SNAP TRANSACTIONS**

In addition to the general obligations of all Terminal Operators and of all POS Terminal Operators, each POS Terminal Operator for a SNAP Only Merchant or a Full Service Merchant shall comply with the provisions of Sections 3.36, 3.37 and 3.38.

### **SECTION 3.36 SNAP Transactions**

Each POS Terminal Operator for a SNAP Only Merchant or Full Service Merchant must support the following SNAP Transactions:

- a. **SNAP Purchase.** A SNAP Purchase may be initiated only at a POS Terminal located on the premises of a SNAP Only Merchant or Full Service Merchant and may not include any return of cash to the Cardholder. Upon completion of an Authorized SNAP Purchase or a SNAP Transaction declined for insufficient funds, the POS Terminal Operator must print the Available Balance communicated by the CAS on the receipt.
- b. **SNAP Merchandise Refund Transaction.** Each SNAP Merchandise Refund may be processed only with the Card that initiated the original Transaction and to the SNAP Account from which funds were debited. Each SNAP Merchandise Refund request must be initiated through the use of a PIN and a Magnetic Stripe Reader or as a Manual SNAP Transaction. No POS Terminal Operator may process a SNAP Merchandise Refund request in an amount that exceeds the original Transaction amount. No Merchant may provide a SNAP Merchandise Refund in cash. The POS Terminal Operator must print on the receipt for a SNAP Merchandise Refund Transaction the Available Balance communicated by the CAS. *(Amended September 26, 2014)*

### **SECTION 3.37 Optional SNAP Transactions**

*(Amended January 9, 1998)*

Each POS Terminal Operator that supports SNAP Transactions may, at its option, also support the following Transactions:

- a. **Balance Inquiry from SNAP Account.**
- b. **Manual SNAP Transactions.** Each POS Terminal Operator for a SNAP Only Merchant or Full Service Merchant that accepts Manual SNAP Transactions must accept Sales and Credit Drafts and convert these drafts to electronic messages for submission to the CAS. Each converted Sales and Credit Draft must be received by the CAS in an electronic format acceptable to the CAS no later than fifteen (15) calendar days from the date of the Transaction Authorization.



- c. **Store and Forward SNAP Transactions.** If at any time, a POS Terminal Operator is unable electronically to communicate with a CAS or any entity providing Stand-In Authorization for the CAS because of a technical malfunction, the POS Terminal Operator may electronically store forward a SNAP Transaction, provided that the Cardholder's PIN is stored only in an encrypted format. The Transaction must be forwarded within twenty-four (24) hours after communication with the CAS is reestablished. Each Store and Forward SNAP Transaction is conducted at the risk and liability of the Acquirer and the Merchant. Any allocation of liability between the Acquirer and the Merchant shall be governed by the Merchant Agreement. *(Amended September 26, 2014)*
- d. **Resubmission of Denied Manual SNAP Transactions and Store and Forward SNAP Transactions.** A POS Terminal Operator may not resubmit any Transaction for which a denial has been received due to any reason other than for an error in message format.

If a Manual SNAP Transaction or Store and Forward SNAP Transaction is denied by the CAS due to an error in message format, the Terminal Operator may correct the problem that led to denial of the Transaction and resubmit such corrected Transaction for Authorization and payment by the CAS. Such Resubmission shall be made as promptly as possible following the receipt of such denial message. The POS Terminal Operator may not resubmit a Partially Authorized Transaction. *(Amended September 26, 2014)*

### **SECTION 3.38 Food Stamp Merchant Code**

For each SNAP Transaction, the POS Terminal Operator must transmit the FSMC as part of the Transaction Message.