



CHAPTER FIVE – ERROR RESOLUTION *(Amended November 15, 2001)*

SECTION 5.1 General

- a. **Cooperation.** Each Participant involved in a Transaction error, whether a System Error, Settlement Error or otherwise, shall cooperate in good faith in attempts to resolve such error, regardless of whether the error resolution procedures of this Chapter apply. If an Acquirer initiates a System Error Correction Request in good faith outside of the time lines provided by this Chapter, nothing in this Chapter shall preclude such claim from being addressed under the relevant EBT Program if provided for by the Governmental Entity responsible for such EBT Program. *(Amended June 17, 2005)*
- c. **Consistency with FNS Regulations.** No provision of this Chapter 5 should be read to require any Participant to take any action inconsistent with FNS Regulations. *(Amended June 17, 2005)*
- d. **Issuer Obligations.** An Issuer may not reject an Acquirer's Correction Request because of limitations on Account access under Applicable Law or the Issuer Agreement, except as expressly provided herein.
- d. **No Modifications at POS.** A Merchant may not modify an amount originally entered at the point of sale. The preceding sentence does not preclude a Merchant from modifying an erroneous amount entered on a Sales and Credit Draft if the Cardholder is present and specifically approves the modification.
- e. **Notice of Correction Requests and Responses.** Notice of a Correction Request or Correction Response shall be deemed to have been given:
 - (i) With respect to an entry into an automated adjustment system or other form of electronic communication, such as email, on the day the Correction Request or Correction Response is sent
 - (ii) With respect to a faxed communication, on the day Correction Request or Correction Response is sent
 - (iii) With respect to a communication sent by overnight delivery service, on the Business Day following the day that the Correction Request or Correction Response is sent
 - (iv) With respect to a communication sent by U.S. mail, on Business Day such communication is received
- f. **Holds on Accounts.** Nothing in these Rules shall affect the right, authority or obligation of an Issuer under any Issuer Agreement or Applicable Law to place a hold on an Account pending payment of a Correction Request.

SECTION 5.2 Acquirer-Initiated Corrections for Cash Transactions

Each Acquirer must promptly balance and reconcile its Terminals and accounts, and must initiate a Correction Request for Cash Transactions promptly upon discovery of a System Error or Settlement Error.

- a. **Credit to Issuer (Cash Transactions).** Examples of errors for which Correction Requests should be issued to credit an Issuer include: duplicate Transactions and ATM under-dispense.
 - (i) **Time Lines**



- A. **Acquirer Request.** Each Acquirer must provide notice of a System Error Correction Request for Cash Transactions within six (6) Business Days of discovery of a System Error requiring credit to a Cash Account, or as promptly as possible thereafter if the Acquirer in good faith, is unable to provide notice within such time frame. Each Acquirer must provide notice of a Settlement Error Correction Request to credit an Issuer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Acquirer, in good faith, is unable to provide notice within such time frame.
- B. **Issuer Response.** No response is required other than settlement of the Correction Request as provided below.

(ii) Documentation

- A. **Acquirer Request.** Each Correction Request by an Acquirer to credit an Issuer in respect of a Cash Transaction must contain at least the following information:
 - I. Transaction identification or trace number
 - II. Transaction amount
 - III. Transaction Date and Transaction Time
 - IV. Terminal identification number
 - V. Cardholder PAN
 - VI. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
 - VII. Contact information for communications regarding the Correction Request
 - VIII. Listing of any accompanying documentation
 - IX. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request.
- B. **Issuer Response.** No response is required other than settlement of the Correction Request as provided below. However, if the Issuer rejects the Correction Request, the Correction Response must contain a reasonable explanation of the basis for rejection (e.g., duplicate Correction Request). No additional documentation is required.

(iii) Follow-up

- A. **Approval/No Response.** The amount of the Correction Request must be included in the Settlement for correction items and credited to the Cardholder's Cash Account within four (4) Business Days following notice of a System Error Correction Request. The amount of the Correction Request must be included in the Settlement for correction items within ten (10) Business Days following notice of a Settlement Error Correction Request. In each case, the Acquirer must pay such amount.
- B. **Denial.** If the Issuer issues a Correction Response rejecting a credit (e.g., on the basis of a prior or duplicate correction), no further action is required of the Issuer or Acquirer.



- b. **Debit to Issuer (Cash Transactions).** Examples of errors for which Correction Requests should be issued to debit an Issuer include: erroneous reversal, ATM over-dispense and prior correction credit provided to Issuer in error.

(i) **Time Lines**

- A. **Acquirer Request.** Each Acquirer must provide notice of a System Error Correction Request to debit an Issuer for a Cash Transaction (a) within six (6) Business Days of the original Transaction Date, or (b) if the Correction Request is to reverse or adjust a prior correction credit to the Issuer, within six (6) Business Days of the date of such earlier Correction Request. Correction Requests for System Errors initiated after that period may be automatically rejected. Each Acquirer must provide notice of a Settlement Error Correction Request to debit an Issuer for a Cash Transaction within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Acquirer, in good faith, is unable to provide notice within such time frame. Each Issuer must make a good faith effort to process late Correction Requests for Settlement Errors.
- B. **Issuer Response for Transactions NOT Subject to Fair Hearing Requirements.** The procedures in this Subsection (B) apply if an Acquirer's Correction Request relates to a Cash Transaction that is NOT subject to State Fair Hearing procedures prior to the charging of a Correction Request to a Cardholder's Cash Account. Each Issuer must issue its Correction Response for System Errors promptly upon determining that either (i) that it rejects the Correction Request or (ii) that it accepts the Correction Request and there are sufficient funds available to satisfy such Correction Request. The Issuer shall accept or reject a Correction Request for a System Error by the Initial Issuer Response Cut-Off unless it determines that the Correction Request is valid but there are insufficient funds in the Cardholder's Cash Account with which to satisfy such Correction Request. If there are insufficient funds to pay an otherwise valid System Error Correction Request, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's Cash Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's Cash Account, and shall issue its System Error Correction Response the next Business Day following the availability of sufficient funds in the Cardholder's Cash Account. If sufficient funds do not become available in the Cardholder's Cash Account by the close of business on the last calendar day of the month following the Correction Request, the Issuer shall notify the Acquirer of its Correction Response rejecting the Correction Request for insufficient funds within two (2) Business Days. If information comes to the attention of the Issuer after the Initial Issuer Response Cut-Off that justifies rejection of a Correction Request, the Issuer may, notwithstanding the foregoing, issue a Correction Response rejecting the Correction Request at any time prior to settlement of the Correction Request. Each Issuer must issue its Correction Response to Settlement Error Correction Requests within ten (10) Business Days of notice of the Correction Request, and may not reject such Correction Request for insufficient funds.
- C. **Issuer Response for Transactions Subject to Fair Hearing Requirements.** The procedures in this Subsection (C) apply if an Acquirer's Correction Request relates to a Cash Transaction that IS subject to State Fair Hearing procedures prior to the charging of a Correction Request to a Cardholder's Cash Account. Each Issuer shall make a preliminary determination whether to accept or reject a System Error Correction Request by the Initial Issuer Response Cut-Off.
- I. **Rejection.** If the Issuer determines to reject a System Error Correction Request, it shall notify the Acquirer by the Initial Issuer Response Cut-Off. If information comes to the attention of the Issuer after the Initial Issuer Response Cut-Off that justifies rejection of a Correction Request, the Issuer may, notwithstanding the preceding sentence, issue a Correction Response rejecting the Correction Request at any time prior to settlement of the Correction Request.



II. **Acceptance.** If the Issuer makes a preliminary determination to accept a System Error Correction Request, it shall provide such notice to the Cardholder as may be required by Applicable Law.

- (a) **No Hearing Request.** If the Cardholder does not request a Fair Hearing within the period applicable to SNAP Transactions and there are sufficient funds available in the Cash Account to fully satisfy the System Error Correction Request, the Issuer shall issue its Correction Response the next Business Day. If the Cardholder does not request a Fair Hearing within the period applicable to SNAP Transactions and there are insufficient funds available in the Cash Account to fully satisfy the Correction Request, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's Cash Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's Cash Account, and shall issue its System Error Correction Response the next Business Day following the availability of sufficient funds in the Cardholder's Cash Account. If sufficient funds do not become available in the Cardholder's Cash Account by the close of business on the last calendar day of the month following the Correction Request, the Issuer shall notify the Acquirer of its Correction Response rejecting the Correction Request for insufficient funds within two (2) Business Days. If information comes to the attention of the Issuer after the Initial Issuer Response Cut-Off that justifies rejection of a Correction Request, the Issuer may, notwithstanding the foregoing, issue a Correction Response rejecting the Correction Request at any time prior to settlement of the Correction Request.
- (b) **Hearing Request.** If the Cardholder requests a Fair Hearing within the period applicable to SNAP Transactions, the Issuer shall provide a Correction Response that rejects the Correction Request on the basis of the Fair Hearing request.

(ii) **Documentation**

A. **Acquirer Request.** Each Correction Request by an Acquirer to debit an Issuer in respect of a Cash Transaction must contain at least the following information:

- I. Transaction identification or trace number
- II. Transaction amount
- III. Transaction Date and Transaction Time
- IV. Terminal identification number
- V. Cardholder PAN
- VI. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
- VII. Contact information for communications regarding the Correction Request
- VIII. Listing of any accompanying documentation
- IX. A copy of the audit tape or Terminal journal and ATM balancing sheets, upon request only



- X. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request, and, upon request only, a copy of such earlier Correction Request.

B. Issuer Response. If the Issuer rejects the Correction Request, the Correction Response must contain:

- I. a reasonable explanation of the basis for rejection (e.g., failure by Acquirer to provide all required information, duplicate Correction Request, or unverifiable PAN)
- II. documents (including electronic records) reasonably supporting such rejection, such as a Transaction record of a reversal of the underlying Transaction, upon request only.

(iii) Follow-up

A. Timely Correction Response Received

- I. **Approval.** If the Issuer accepts the Correction Request and (i) there are sufficient funds in the Cardholder's Cash Account to satisfy such Correction Request by the Initial Issuer Response Cut-Off, (ii) sufficient funds become available before the close of business on the last calendar day of the month following the Correction Request or (iii) the Correction Request relates to a Settlement Error, the Issuer shall include the correction in the Settlement of correction items within the next three (3) Business Days.
- II. **Denial.** If the Issuer rejects the Correction Request, it must notify the Acquirer in accordance with the time limits and documentation requirements above. If there is a dispute regarding the validity of the Issuer's rejection of a Correction Request, the parties to any such dispute shall take all steps reasonably practicable to resolve such dispute by mutual agreement within thirty (30) calendar days of notice of the Issuer's Correction Response.

B. No Timely Correction Response Received. If the Issuer fails to provide a timely Correction Response or payment of a Correction Request in accordance with the procedures above, the Issuer shall be responsible for settling the Correction Request regardless of the availability of funds in the Cardholder's Cash Account.

SECTION 5.3 Acquirer-Initiated Corrections for SNAP

Each Acquirer must promptly balance and reconcile its POS Terminals and accounts, and must initiate a Correction Request for SNAP Transactions promptly upon discovery of a System Error or Settlement Error.

- a. **Credit to Issuer (SNAP Transactions).** Examples of errors for which Correction Requests should be issued to credit an Issuer include: duplicate Transactions.

(i) Time Lines

- A. **Acquirer Request.** Each Acquirer must provide notice of a System Error Correction Request for SNAP Transactions within six (6) Business Days of discovery of a System Error requiring credit to a SNAP Account, or as promptly as possible thereafter if the Acquirer in good faith, is unable to provide notice within such time frame. Each Acquirer must provide notice of a Settlement Error Correction Request to credit an Issuer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Acquirer, in good faith, is unable to provide notice within such time frame.



- B. **Issuer Response.** No response is required other than settlement of the Correction Request as provided below.

(ii) Documentation

- A. **Acquirer Request.** Each Correction Request to credit an Issuer in respect of a SNAP Transaction must contain at least the following information:

- I. Transaction identification or trace number
- II. Transaction amount
- III. Transaction Date and Transaction Time
- IV. Terminal identification number
- V. Merchant FNS number
- VI. Cardholder PAN
- VII. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
- VIII. Contact information for communications regarding the Correction Request
- IX. Listing of any accompanying documentation
- X. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request.

- B. **Issuer Response.** No response is required other than settlement of the Correction Request as provided below. However, if the Issuer rejects the Correction Request, the Correction Response must contain a reasonable explanation of the basis for rejection (e.g., duplicate Correction Request). No additional documentation is required.

(iii) Follow-up

- A. **Approval/No Response.** The amount of the Correction Request must be included in the Settlement for correction items and credited to the Cardholder's SNAP Account within four (4) Business Days following notice of a System Error Correction Request. The amount of the Correction Request must be included in the Settlement for correction items within ten (10) Business Days following notice of a Settlement Error Correction Request. In each case, the Acquirer must pay such amount.
- B. **Denial.** If the Issuer issues a Correction Response rejecting a credit (e.g., on the basis of a prior or duplicate correction), no further action is required of the Issuer or Acquirer.

- b. **Debit to Issuer (SNAP Transactions).** Examples of errors for which Correction Requests should be issued to debit an Issuer include: erroneous reversal or prior correction credit provided to Issuer in error.

(i) Time Lines



- A. Acquirer Request.** Each Acquirer must provide notice of a System Error Correction Request to debit an Issuer for a SNAP Transaction (a) within six (6) Business Days of the original Transaction Date or (b) if the Correction Request is to reverse or adjust a prior correction credit to the Issuer, within six (6) Business Days of date of such earlier Correction Request. Correction Requests for System Errors initiated after that period may be automatically rejected. Each Acquirer must provide notice of a Settlement Error Correction Request to debit an Issuer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Acquirer, in good faith, is unable to provide notice within such time frame. Each Issuer must make a good faith effort to process late Correction Requests for Settlement Errors.
- B. Issuer Response.** Each Issuer shall make a preliminary determination whether to accept or reject a System Error Correction Request by the Initial Issuer Response Cut-Off. Each Issuer must issue its Correction Response to Settlement Error Correction Requests within ten (10) Business Days of notice of the Correction Request, and may not reject such Correction Request for insufficient funds.
- I. **Rejection.** If the Issuer determines to reject a System Error Correction Request, it shall notify the Acquirer by the Initial Issuer Response Cut-Off. If information comes to the attention of the Issuer after the Initial Issuer Response Cut-Off that justifies rejection of a Correction Request, the Issuer may, notwithstanding the preceding sentence, issue a Correction Response rejecting the Correction Request at any time prior to settlement of the Correction Request. Correction Requests for Settlement Errors may not be rejected for insufficient funds.
- II. **Acceptance.** If the Issuer makes a preliminary determination to accept a System Error Correction Request, it shall provide such notice to the Cardholder as may be required by Applicable Law.
- (a) **No Hearing Request.** If the Cardholder does not request a Fair Hearing within the period required by Applicable Law and there are sufficient funds available in the SNAP Account to fully satisfy the System Error Correction Request, the Issuer shall issue its Correction Response the next Business Day. If the Cardholder does not request a Fair Hearing within the period required by Applicable Law and there are insufficient funds available in the SNAP Account to fully satisfy the Correction Request, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's SNAP Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's SNAP Account, and shall issue its System Error Correction Response the next Business Day following the availability of sufficient funds in the Cardholder's SNAP Account. If sufficient funds do not become available in the Cardholder's SNAP Account by the close of business on the last calendar day of the month following the Correction Request, the Issuer shall notify the Acquirer of its Correction Response rejecting the Correction Request for insufficient funds within two (2) Business Days. If information comes to the attention of the Issuer after the Initial Issuer Response Cut-Off that justifies rejection of a Correction Request, the Issuer may, notwithstanding the foregoing, issue a Correction Response rejecting the Correction Request at any time prior to settlement of the Correction Request.
- (b) **Hearing Request.** If the Cardholder requests a Fair Hearing within the period required by Applicable Law, the Issuer shall provide a Correction Response that rejects the Correction Request on the basis of the Fair Hearing request.



(ii) Documentation

- A. Acquirer Request.** Each Acquirer Correction Request to debit an Issuer in respect of a SNAP Transaction must contain at least the following information:
- I. Transaction identification or trace number
 - II. Transaction amount
 - III. Transaction Date and Transaction Time
 - IV. Terminal identification number
 - V. Merchant FNS number
 - VI. Cardholder PAN
 - VII. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
 - VIII. Contact information for communications regarding the Correction Request
 - IX. Listing of any accompanying documentation
 - X. A copy of the audit tape or Terminal journal, upon request only
 - XI. For a Manual SNAP Transaction B upon request only, a copy of the Sales and Credit Draft
 - XII. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request, and, upon request only, a copy of such earlier Correction Request
- B. Issuer Response.** If the Issuer rejects the Correction Request, the Correction Response must contain:
- I. a reasonable explanation of the basis for rejection (e.g., failure by Acquirer to provide all required information, duplicate Correction Request, or unverifiable PAN)
 - II. documents (including electronic records) reasonably supporting such rejection, such as a Transaction record of a reversal of the underlying Transaction, upon request only.

(iii) Follow-up

- A. Timely Correction Response Received**
- I. **Approval.** If the Issuer issues a Correction Response accepting the Correction Request, the Issuer shall include the correction in the Settlement of correction items within the next three (3) Business Days following notice of such Correction Response.



- II. **Denial.** If the Issuer rejects the Correction Request, it must notify the Acquirer in accordance with the time limits and documentation requirements above. If there is a dispute regarding the validity of the Issuer's rejection of a Correction Request, the parties to any such dispute shall take all steps reasonably practicable to resolve such dispute by mutual agreement within thirty (30) calendar days of notice of the Issuer's Correction Response.
- B. **No Timely Correction Response Received.** If the Issuer fails to provide a timely Correction Response or payment of a Correction Request in accordance with the procedures above, the Issuer shall be responsible for settling the Correction Request regardless of the availability of funds in the Cardholder's SNAP Account.

SECTION 5.4 Issuer-Initiated Corrections for Cash Transactions

Each Issuer must promptly balance and reconcile its accounts, and must initiate Correction Requests for Cash Transactions promptly upon discovery of a System Error or Settlement Error.

- a. **Debit to Acquirer (Cash Transactions).** Examples of errors for which Correction Requests should be issued to debit an Acquirer include: duplicate Transaction and ATM misdispense.

(i) Time Lines

- A. **Issuer Request.** Each Issuer must make a good faith effort to initiate System Error Correction Requests for debit to an Acquirer in respect of a Cash Transaction (a) within ten (10) Business Days of the original Transaction Date, or (b) if the Correction Request is to reverse or adjust a prior correction credit to the Acquirer, within ten (10) Business Days of date of such earlier Correction Request, unless the Correction Request is in response to a Cardholder dispute. Each Issuer must initiate a Correction Request promptly in response to a Cardholder dispute received up to ninety (90) calendar days after the Transaction Date or, if the Correction Request is to reverse or adjust a prior correction credit to the Acquirer, up to ninety (90) calendar days from the date of such earlier Correction Request. Each Issuer must provide notice of a Settlement Error Correction Request to debit an Acquirer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Issuer, in good faith, is unable to provide notice within such time frame. Acquirers must make a good faith effort to process late Correction Requests for Settlement Errors.
- B. **Acquirer Response.** Each Acquirer must issue a Correction Response within twenty (20) calendar days of notice of a System Error Correction Request for a Cash Transaction. Each Acquirer must issue its Correction Response to Settlement Error Correction Requests within ten (10) Business Days of notice of the Correction Request, and may not reject such Correction Request for insufficient funds.

(ii) Documentation Requirements

- A. **Issuer Request.** Each Issuer Correction Request to debit an Acquirer in respect of a Cash Transaction must contain at least the following information:
 - I. Transaction identification or trace number
 - II. Transaction amount
 - III. Transaction Date and Transaction Time



- IV. Terminal identification number
- V. Cardholder PAN
- VI. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
- VII. Contact information for communications regarding the Correction Request
- VIII. Listing of any accompanying documentation
- IX. For a Correction Request involving a Cardholder dispute -- any documentation provided by the Cardholder, upon request only
- X. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request, and, upon request only, a copy of such earlier Correction Request.

B. Acquirer Response. No documentation is required for approval of a Correction Request. If the Acquirer rejects the Correction Request, the Correction Response must contain:

- I. a reasonable explanation of the basis for rejection (e.g., failure of Issuer to provide required information or Transaction verified by Terminal records)
- II. documents (including electronic records) supporting such rejection, such as a Terminal journal record or audit tape showing the completed Transaction and, upon request, the ATM balancing sheet. (*Amended May 30, 2002*)

(iii) Follow-up

A. No Timely Correction Response Received. If the Acquirer does not respond within the foregoing timeframes, the Issuer may include the amount of the Correction Request in the Settlement for correction items for any of the next three (3) Business Days and the Acquirer must pay such amount.

B. Timely Correction Response Received

- I. **Approval.** If the Acquirer's Correction Response confirms that a debit should be issued, the Issuer may include the agreed amount in the Settlement for correction items within the three (3) Business Days next following notice of the Correction Response and the Acquirer must pay such amount.
- II. **Denial.** If the Acquirer rejects the Correction Request, it must notify the Issuer in accordance with the time limits and documentation requirements above. If there is a dispute regarding the validity of the Acquirer's rejection of a Correction Request, the parties to any such dispute shall take all steps reasonably practicable to resolve such dispute by mutual agreement within thirty (30) calendar days of notice of the Acquirer's Correction Response.

b. Credit to Acquirer (Cash Transactions). Examples of errors for which Correction Requests should be issued to credit an Acquirer include: erroneous reversal.



(i) **Time Lines**

- A. **Issuer Request for Transactions NOT Subject to Fair Hearing Requirements.** The procedures in this Subsection (A) apply if an Issuer's Correction Request relates to a Cash Transaction that is NOT subject to State Fair Hearing procedures prior to the charging of a Correction Request to a Cardholder's Cash Account. Each Issuer must initiate System Error Correction Requests for credit to an Acquirer in respect of a Cash Transaction within ten (10) Business Days of the original Transaction Date, unless (a) a later credit is authorized by the Cardholder, or (b) there are not sufficient funds available in the Cardholder's Cash Account to satisfy the Correction Request. If there are not sufficient funds available in the Cardholder's Cash Account to satisfy the System Error Correction Request during such ten (10) Business Day period, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's Cash Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's Cash Account, and shall issue its System Error Correction Request the next Business Day following the availability of sufficient funds in the Cardholder's Cash Account. If sufficient funds do not become available, the Issuer is not required to initiate a System Error Correction Request. Each Issuer must provide notice of a Settlement Error Correction Request to credit an Acquirer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Issuer, in good faith, is unable to provide notice within such time frame.
- B. **Issuer Request for Transactions Subject to Fair Hearing Requirements.** The procedures in this Subsection (B) apply if an Issuer's Correction Request relates to a Cash Transaction that IS subject to State Fair Hearing procedures prior to the charging of a Correction Request to a Cardholder's Cash Account. If an Issuer discovers a System Error that requires a debit to the Cardholder's Cash Account, the Issuer shall provide such notice to the Cardholder as may be required by Applicable Law.
- I. **No Hearing Request.** If the Cardholder does not request a Fair Hearing within the period applicable to SNAP Transactions and there are sufficient funds available in the Cash Account to fully satisfy the hold, the Issuer shall issue its System Error Correction Request the next Business Day. If the Cardholder does not request a Fair Hearing within such period and there are insufficient funds available in the Cash Account to fully satisfy the Correction Request, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's Cash Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's Cash Account, and shall issue its System Error Correction Request the next Business Day following the availability of sufficient funds in the Cardholder's Cash Account. If sufficient funds do not become available, the Issuer shall not initiate a Correction Request.
- II. **Hearing Request.** If the Cardholder requests a Fair Hearing within the period applicable to SNAP Transactions, the Issuer shall not initiate a Correction Request.
- C. **Acquirer Response.** No response is required other than settlement of the Correction Request as provided below.

(ii) **Documentation Requirements**

- A. **Issuer Request.** Each Issuer Correction Request to credit an Acquirer in respect of a Cash Transaction must contain at least the following information:
- I. Transaction identification or trace number
- II. Transaction amount



- III. Transaction Date and Transaction Time
 - IV. Terminal identification number
 - V. Cardholder PAN
 - VI. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
 - VII. Contact information for communications regarding the Correction Request
 - VIII. Listing of any accompanying documentation
 - IX. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request.
- B. Acquirer Response.** No documentation is required for approval of a Correction Request. If the Acquirer rejects the Correction Request, the Correction Response must contain a reasonable explanation of the basis for rejection (e.g., duplicate correction). No additional documentation is required.

(iii) Follow-up

- A. Approval.** The Issuer must credit the amount of the Correction Request to the Acquirer in the Settlement for correction items within the next three (3) Business Days following notice of the Correction Request.
- B. Denial.** If the Acquirer rejects the Correction Request, no further action is necessary.

SECTION 5.5 Issuer-Initiated Corrections for SNAP Transactions

Each Issuer must promptly balance and reconcile its accounts, and must initiate Correction Requests for SNAP Transactions promptly upon discovery of a System Error or Settlement Error.

- a. Debit to Acquirer (SNAP Transactions).** Examples of errors for which Correction Requests should be issued to debit an Acquirer include: unauthorized Manual SNAP Transaction or duplicate Transaction.

(i) Time Lines

- A. Issuer Initiation.** Each Issuer must initiate Correction Requests within four (4) Business Days of discovery, or receipt of notice of a Cardholder claim with the timeframe required by Applicable law, of a System Error that requires a credit to a SNAP Account. Issuers must provide notice of a Settlement Error Correction Request to debit an Acquirer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Issuer, in good faith, is unable to provide notice within such time frame. Acquirers must make a good faith effort to process late Correction Requests for Settlement Errors.



- B. *Acquirer Response.*** Each Acquirer must issue a Correction Response to a System Error Correction Request for a SNAP Transaction within five (5) Business Days. Each Acquirer must issue its Correction Response to Settlement Error Correction Requests within ten (10) Business Days of notice of the Correction Request, and may not reject such Correction Request for insufficient funds.

(ii) *Documentation Requirements*

- A. *Issuer Request.*** Each Issuer Correction Request to debit an Acquirer in respect of a SNAP Transaction must contain at least the following information:

- I. Transaction identification or trace number
- II. Transaction amount
- III. Transaction Date and Transaction Time
- IV. Terminal identification number
- V. Cardholder PAN
- VI. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
- VII. Contact information for communications regarding the Correction Request
- VIII. Listing of any accompanying documentation
- IX. If pursuant to a Cardholder dispute, the date the dispute was received
- X. For duplicate Transactions - the Transaction number or trace number for both transactions
- XI. For a failed SNAP Merchandise Refund B a copy of the receipt evidencing return of merchandise for SNAP credit, Transaction Date, Transaction Time and Transaction identification or trace number for both the original SNAP Transaction and the SNAP Merchandise Refund
- XII. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request, and, upon request only, a copy of such earlier Correction Request.

- B. *Acquirer Response.*** No documentation is required for approval of a Correction Request. If the Acquirer rejects the Correction Request, the Correction Response must contain:

- I. a reasonable explanation of the basis for rejection (e.g., Correction Request directed to incorrect Acquirer, duplicate Correction Request, Correction Request does not contain required information, SNAP Merchandise Refund already issued, or miskeyed Telephone Authorization Code); and
- II. upon request only, documents (including electronic records) supporting such rejection, such as (i) Terminal journal record of showing completed Transaction, or (ii) copy of the Sales and Credit Draft for a Manual SNAP Transaction.



(iii) **Follow-up**

A. **No Timely Correction Response Received.** If the Acquirer does not respond within the foregoing timeframes, the Issuer may include the amount of the Correction Request in the Settlement for correction items within the three (3) Business Days next following the expiration of the Acquirer's time to respond and the Acquirer must pay such amount.

B. **Timely Correction Response Received**

- I. **Approval.** If the Acquirer's Correction Response confirms that a debit should be issued, the Issuer may include the agreed amount in the Settlement for correction items within the next three (3) Business Days following notice of the Correction Response and the Acquirer must pay such amount.
- II. **Denial.** If the Acquirer rejects the Correction Request, it must notify the Issuer in accordance with the time limits and documentation requirements above. If there is a dispute regarding the validity of the Acquirer's rejection of a Correction Request, the parties to any such dispute shall take all steps reasonably practicable to resolve such dispute by mutual agreement within thirty (30) calendar days of notice of the Acquirer's Correction Response.

b. **Credit to Acquirer (SNAP Transactions).** Examples of errors for which Correction Requests should be issued to credit an Acquirer include: erroneous reversal.

(i) **Time Lines**

A. **Issuer Initiation.** Each Issuer must provide notice of a Settlement Error Correction Request to credit an Acquirer within twenty (20) Business Days of the original Transaction Date, or as promptly as possible thereafter if the Issuer, in good faith, is unable to provide notice within such time frame. If an Issuer discovers a System Error that requires a debit to the Cardholder's SNAP Account, the Issuer shall provide such notice to the Cardholder as may be required by Applicable Law.

I. **No Hearing Request.** If the Cardholder does not request a Fair Hearing within the period required by Applicable Law and there are sufficient funds available in the SNAP Account to fully satisfy the hold, the Issuer shall issue its System Error Correction Request the next Business Day. If the Cardholder does not request a Fair Hearing within the period required by Applicable Law and there are insufficient funds available in the SNAP Account to fully satisfy the Correction Request, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's SNAP Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's SNAP Account, and shall issue its System Error Correction Request the next Business Day following the availability of sufficient funds in the Cardholder's SNAP Account. If sufficient funds do not become available, the Issuer shall not initiate a Correction Request.

II. **Hearing Request.** If the Cardholder requests a Fair Hearing within the period required by Applicable Law, the Issuer shall not initiate a Correction Request.

B. **Acquirer Response.** No response is required other than settlement of the Correction Request as provided below.



(ii) Documentation Requirements

- A. Issuer Request.** Each Issuer Correction Request to credit an Acquirer in respect of a SNAP Transaction must contain at least the following information:
- I. Transaction identification or trace number
 - II. Transaction amount
 - III. Transaction Date and Transaction Time
 - IV. Terminal identification number
 - V. Cardholder PAN
 - VI. Explanation of the alleged error sufficient to allow the Cardholder of the Correction Request to evaluate the claim
 - VII. Contact information for communications regarding the Correction Request
 - VIII. Listing of any accompanying documentation
 - IX. If the Correction Request relates to an earlier erroneous Correction Request, the date of the earlier Correction Request and any other information reasonably necessary to identify the earlier Correction Request.
- B. Acquirer Response.** No documentation is required for approval of the Correction Request. If the Acquirer rejects the Correction Request, the Correction Response must contain a reasonable explanation of the basis for rejection (e.g., duplicate correction). No additional documentation is required.

(iii) Follow-up

- A. Approval.** The Issuer must credit the amount of the Correction Request to the Acquirer in the Settlement for correction items within the three (3) Business Days next following notice of the Correction Request.
- B. Denial.** If the Acquirer rejects the Correction Request, no further action is necessary.

SECTION 5.6 Fair Hearing Corrections

All Fair Hearing Correction Requests shall be handled in accordance with this Section 5.6 rather than Section 5.3 or 5.5. Each Issuer shall initiate a Fair Hearing Correction Request when instructed by the appropriate Government Entity as the result of (i) a Fair Hearing held pursuant to Applicable Law or (ii) of late notice of a Fair Hearing request that was delayed by the Cardholder for good cause, as defined by Applicable Law. Before initiating such Fair Hearing Correction Request, the Issuer shall confirm the accuracy and validity of such request. All references to the Cardholder's Account in this Section mean the Cash Account or SNAP Account that was the subject of the Fair Hearing.



- a. **Debit to Acquirer (Fair Hearing Correction Request).** If an Issuer had previously paid the amount of a Transaction or Correction Request to an Acquirer and the Issuer is required to credit such amount in whole or in part to the Cardholder's Account, the Issuer may initiate a Correction Request to debit the Acquirer in accordance with instructions from the appropriate Government Entity.

(i) **Time Lines**

- A. **Issuer Initiation.** Each Issuer must issue Fair Hearing Correction Requests within the timeframe permitted under Applicable Law.
- B. **Acquirer Response.** Each Acquirer must issue a Correction Response within five (5) Business Days of receipt of the Correction Request.

(ii) **Documentation Requirements**

- A. **Issuer Request.** The Issuer shall include at least the following information when initiating a Fair Hearing Correction Request.
- I. Original transaction identification or trace number
 - II. Original transaction amount
 - III. Original transaction Date and Transaction Time
 - IV. Original terminal identification number
 - V. Cardholder PAN
 - VI. Amount of the Fair Hearing Correction Request
 - VII. Copy of the administrative or judicial order relating to the Fair Hearing Correction Request, upon request only
 - VIII. Contact information for communications regarding the Fair Hearing Correction Request
 - IX. Listing of any accompanying documentation
- B. **Acquirer Response.** No documentation is required for approval of a Correction Request. The Acquirer may reject the Fair Hearing Correction Request only for the reason of an error in identification of either the Acquirer or the Merchant. The Acquirer must provide sufficient documentation to support its rejection by reason of an error in identification.

(iii) **Follow-up**

A. **Timely Correction Response by Acquirer**

- I. **Approval.** If the Acquirer issues a Correction Response accepting the Correction Request, the Issuer shall settle the Correction Request within the next three (3) Business Days and the Acquirer must pay such amount.



- II. **Denial.** If the Acquirer issues a Correction Response rejecting the Correction Request, it must do so in accordance within the time limits and documentation requirements above. If there is a dispute regarding the validity of the Acquirer's rejection of a Correction Request, the parties to any such dispute shall take all steps reasonably practicable to resolve such dispute by mutual agreement within thirty (30) calendar days of notice of the Acquirer's Correction Response.
 - B. **No Timely Correction Response by Acquirer.** If the Acquirer does not respond within the foregoing timeframes, the Issuer shall settle the Correction Request within the next three (3) Business Days and the Acquirer must pay such amount.
- b. **Credit to Acquirer (Fair Hearing Correction Request).** If the Issuer had not previously paid the amount of the Correction Request to the Acquirer and the Fair Hearing determines that the Correction Request was correct, in whole or in part, the Issuer shall initiate a Correction Request to credit the Acquirer in accordance with instructions from the appropriate Government Entity.
- (i) **Time Lines**
- A. **Issuer Initiation.** Each Issuer must issue Fair Hearing Correction Requests within the three (3) Business Days after funds become available in the appropriate Account to satisfy the Fair Hearing Correction Request in accordance with Applicable Law. If sufficient funds are not available at the time of notice from the appropriate Government Entity, the Issuer thereafter shall daily review whether sufficient funds have become available in the Cardholder's appropriate Account, giving first priority to payment of the Correction Request out of any funds in or added to the Cardholder's Account, and shall issue its Fair Hearing Correction Request the next Business Day following the availability of sufficient funds in the Cardholder's Account. If sufficient funds do not become available, the Issuer shall not initiate a Fair Hearing Correction Request and shall notify the Acquirer and Government Entity that the Fair Hearing Correction Request cannot be satisfied due to insufficient funds.
 - B. **Acquirer Response.** No response is required other than settlement of the Correction Request as provided below.
- (ii) **Documentation Requirements**
- A. **Issuer Request.** The Issuer shall include at least the following information when initiating a Fair Hearing Correction Request.
 - I. Original transaction identification or trace number
 - II. Original transaction amount
 - III. Original transaction Date and Transaction Time
 - IV. Original terminal identification number
 - V. Cardholder PAN
 - VI. The amount of the Fair Hearing Correction Request
 - VII. Copy of the administrative or judicial order relating to the Fair Hearing Correction Request, upon request only



VIII. Contact information for communications regarding the Correction Request

IX. Listing of any accompanying documentation

- B. *Acquirer Response.*** No documentation is required for approval of the Fair Hearing Correction Request. If the Acquirer rejects the Fair Hearing Correction Request, the Correction Response must contain a reasonable explanation of the basis for rejection.

(iii) *Follow-up*

- A. *Approval or Failure to Respond.*** The Issuer shall settle the Fair Hearing Correction Request within three (3) Business Days of initiating such Correction Request, unless the Correction Request is denied.
- B. *Denial.*** If the Acquirer rejects the Correction Request, no further action is necessary.

SECTION 5.7 Availability of Records

Sections 5.2, 5.3, 5.4, 5.5 and 5.6 govern the provision of Transaction-related records in connection with Correction Requests and Correction Responses. All requests for documentation in connection with Sections 5.2, 5.3, 5.4, 5.5 and 5.6 should be honored as promptly as possible to facilitate the ability of requesting party to respond within the time frames provided under those Sections. This Section 5.7 governs the provision of Transaction-related records in the event such records are required outside of such processes.

- a.** Acquirers shall provide Transaction-related records within 20 calendar days of receipt of a request, if the request is received within 30 calendar days of the Transaction Date.
- b.** Acquirers shall provide Transaction-related records within 45 calendar days of receipt of a request if the request is received between 31 and 180 calendar days of the Transaction Date.
- c.** Issuers must promptly respond to requests for Transaction-related records received up to 180 calendar days from the Transaction Date.
- d.** Notwithstanding the foregoing, Issuers and Acquirers shall provide Transaction-related records as may be required for any Fair Hearings held pursuant to Applicable Law.