



INTRODUCTION

(Amended April 14, 1999, December 16, 2008, April 11, 2014)

The following Operating Rules set forth the requirements for the distribution of government benefits under the Quest service mark. Government entities may utilize these Rules by incorporating them in their contracts with private sector entities utilized to distribute benefits. There is no fee for use of the QUEST Mark. Of course, government entities may also choose to distribute benefits under other operating rules. The Quest Operating Rules do not address electronic distribution of government benefits under service marks other than the QUEST Mark.

1. NACHA encourages the addition of new benefit programs to the QUEST System.
2. Any unrestricted cash benefits, i.e., benefits that can be fully redeemed for currency without regard to state borders, can be added to the Cash Account without limitation.
3. NACHA will work with interested parties to develop additional standards for programs that have characteristics that distinguish them from Cash and the Supplemental Nutrition Assistance Program but are nonetheless susceptible to universal standards and interoperable distribution without regard to state borders. Such programs would be identified by additional icons, which would be associated with the QUEST Mark at the retail level.
4. Even if benefit programs cannot be made interoperable at this time but still have common elements nationwide, standardization of programs can benefit all participants in EBT. NACHA will work with interested parties to attempt to standardize policies, procedures and standards for such programs nationwide outside of the QUEST System.



DEFINITIONS

(Amended April 11, 2014)

As used in these Rules, the capitalized terms below shall have the following meanings:

Account: A SNAP Account or a Cash Account.

ACH (Automated Clearing House): A funds transfer system governed by the rules of NACHA which provides for the interbank clearing of electronic entries for participating Depository Institutions.

Acquirer: An ATM Acquirer or POS Acquirer.

Acquirer Agreement: A written agreement between an Acquirer and an Issuer or its Designated Agent pursuant to which the Acquirer confirms its agreement to be bound by and comply with these Rules, as such Rules may be amended from time to time.

Acquirer System: The telecommunications and processing system (including software and hardware) operated by or on behalf of an Acquirer through which Transactions originating at ATMs, POS or POB Terminals of that Acquirer are processed and routed to the Issuer. *(Amended August 28, 2006)*

Affiliated Retailer: Any natural person or organization (including a corporation, partnership, proprietorship, association, or cooperative) which is franchised by, or which is controlled by or under common control with, a Merchant and that has agreed with the Merchant to honor Cards. For purposes of this definition, the terms "controlled by" and "under common control with," as used with respect to any person or organization, shall mean the possession of the power to direct or cause the direction of the management and policies of such person or organization, whether through the ownership of assets or voting securities.

ANSI (American National Standards Institute): The U.S. standards group responsible for issuing U.S. standards and maintaining consistency with similar international standards.

Applicable Law: Any federal, State or local law, regulation, rule or ordinance in effect and applicable to the subject matter referenced.

ATM (Automated Teller Machine): An electronic hardware device designated by an Acquirer to accept Cards that, when activated by a Cardholder through use of a Magnetic Stripe on a Card, are capable of automatically dispensing U.S. currency directly from such device and responding to Balance Inquiries.

ATM Acquirer: A Depository Institution which owns, operates or controls ATMs, or sponsors ATMs owned, operated or controlled by a third party, at which ATMs the QUEST Mark is displayed and Cards are accepted for cash withdrawals from and Balance Inquiries to Cash Accounts. A wholly-owned operating subsidiary of a Depository Institution may act as an ATM Acquirer, provided that such Depository Institution (i) agrees to be responsible and liable for the acts and omissions of such operating subsidiary in connection herewith, and (ii) represents and warrants that it has full right, power and authority to undertake such responsibility and liability. *(Amended March 12, 2003)*

ATM Operator: An Acquirer, or Processor on behalf of an Acquirer, that operates a telecommunications and processing system (including software and hardware) through which Transactions initiated at ATMs are processed and routed, directly or indirectly, to the appropriate Issuer.

ATM Transaction: A Withdrawal from a Cash Account or Balance Inquiry that is initiated with a Card at an ATM pursuant to these Rules.



Authorization (or Authorized): The approval of a request for a Transaction by a CAS or by a third party providing Stand-In Processing for the CAS. A Transaction that is approved in accordance with these Rules is "Authorized." If a Transaction has received "Preauthorization," it is considered Authorized only in the amount of the Preauthorization.

Authorization Code: A code provided by a CAS to a Merchant as part of a Telephone Authorization indicating that a Manual SNAP Transaction has been approved.

Available Balance: The amount of funds that may be accessed by a Cardholder for a Transaction from a Cash Account or SNAP Account, respectively.

Balance Inquiry: A transaction whereby the Cardholder obtains his or her Available Balance through use of a Card at an ATM, POS or POB Terminal, including a Stand-Alone Balance Inquiry Terminal. *(Amended August 28, 2006)*

Business Day: All weekdays excluding those days on which the Federal Reserve Bank of New York is closed.

Cancellation: The termination of a Transaction prior to Authorization of the Transaction Request from the Terminal Operator to the CAS.

Card: A plastic card, issued in accordance with these Rules, which bears the QUEST Mark and which can be used to effect Transactions.

Cardholder: An individual who has been issued or authorized to use a Card.

CAS (Cardholder Authorization System): The telecommunications and processing system (including software and hardware) operated by or on behalf of an Issuer which authorizes or declines Transaction Requests.

Cash Account: An account or authorization file maintained by an Issuer that represents pre-funded or day-of-draw benefits, or both, administered by one or more Government Entities, and for which the Issuer has agreed to provide access through an EBT system under these Rules. Multiple benefits may be combined in a single Cash Account. *(Amended September 26, 2014)*

Cash Account Merchant: A person or entity that has agreed to accept Cards for purchases of goods or services from Cash Accounts and not from SNAP Accounts.

Cashback Transaction: A Transaction initiated with a Card at a POS Terminal and authorized from a Cash Account, in which the transaction amount debited against the Cardholder's Account is given to the Cardholder by the Merchant in whole or in part in cash.

Cash Only From Cash Account: A Transaction initiated with a Card at a POS or POB Terminal whereby only cash is provided to the Cardholder from a Cash Account. *(Amended August 28, 2006)*

Cash Merchandise Refund: A Transaction initiated with a Card at a POS Terminal to credit a Cardholder's Cash Account for a return of merchandise originally purchased from the Cardholder's Cash Account with the same Card. *(Amended September 26, 2014)*

Cash Transaction: A Transaction involving a Cash Account. *(Amended December 1, 2000)*

CAV (Card Authentication Value): A cryptographic value encoded on Track 2 used to validate its contents.

Chained Transactions: Multiple Transactions that occur without the reentry of the Card and/or PIN.



Completion: An electronic message from a POS Terminal to a CAS following the Preauthorization of a Transaction that indicates the actual amount of the Transaction.

Correction Request: A message from an Issuer or Acquirer identifying a System Error or Settlement Error and requesting, or providing notice of, payment of the amount of the error. *(Amended December 1, 2000)*

Correction Response: A message from an Issuer or Acquirer accepting or rejecting a Correction Request. *(Amended December 1, 2000)*

Depository Institution: An insured depository institution, as that term is defined in Section 3 of the Federal Deposit Insurance Act, as amended, or a federally insured credit union pursuant to the Federal Credit Union Act, as amended.

DES (Data Encryption Standard): The cryptographic algorithm adopted by ANSI that utilizes data encryption algorithm (DEA) as specified in ANSI X3.92-1981.

Designated Agent: A Depository Institution, Prime Contractor or Network, or affiliate controlled by or under common control with any of the foregoing that, pursuant to an agreement with an Issuer, enters into Acquirer Agreements, Processor Agreements or additional Designated Agent Agreements on behalf of such Issuer. *(Amended June 13, 1997)*

Designated Agent Agreement: A written agreement between a Depository Institution, Prime Contractor or Network, or affiliate controlled by or under common control with any of the foregoing, and an Issuer, or a Designated Agent and a Network, pursuant to which the Depository Institution, Prime Contractor or Network, or affiliate thereof agrees to act as a Designated Agent. *(Amended June 13, 1997)*

Dispute Resolution: The process used to (i) respond to Cardholder inquiries, (ii) correct errors and (iii) resolve disagreements between Participants.

EBT or Electronic Benefits Transfer: The electronic transfer of government benefit funds to individuals through the use of card technology and ATMs and POS Terminals.

EBT Program: A program implemented by one or more Government Entities to provide government benefit funds to individuals through the use of card technology and ATMs and POS Terminals.

ESSP (Encryption Support Service Provider): An entity, other than an Acquirer that, on behalf of an Acquirer: (i) loads software into a Terminal that will accept Cards, (ii) loads or injects encryption keys into Terminals or PIN Pads, or (iii) provides Merchant help desk support which includes re-programming of Terminal software, as defined in Chapter 7 of these Rules.

Fair Hearing: An administrative hearing held pursuant to Applicable Law to determine the permissibility a charge to a Cardholder's Account. *(Amended November 15, 2001)*

Fair Hearing Correction Request: A message from an Issuer identifying a correction of a System Error required as the result of a Fair Hearing or as the result of a late request for a Fair Hearing that had been delayed for good cause, as defined by Applicable Law, and requesting, or providing notice of, payment of the amount of the error. A Fair Hearing Correction Request shall be identified as such. *(Amended November 15, 2001)*

FNS: The Food and Nutrition Service of the United States Department of Agriculture. *(Amended December 1, 2000)*

FSMC (Food Stamp Merchant Code): A number assigned by FCS identifying a Merchant that has been authorized by FCS to accept SNAP. The FSMC table is a database of all FSMCs and does not distinguish between merchants who are authorized to accept electronic SNAP Transactions under these Rules from those authorized to participate solely in existing paper-based systems.



Full Service Merchant: A person or entity that has agreed to accept Cards for purchases of goods or services from Cash Accounts and SNAP Accounts and that has been specifically authorized by FCS to accept SNAP Transactions under these Rules.

Government Entity: An agency, department or other instrumentality of federal, State or local government that is responsible for the distribution of SNAP and/or cash government benefits on an EBT Card pursuant to these Rules. *(Amended September 26, 2014)*

IIN (Issuer Identification Number): A number assigned by the American Bankers Association that identifies an Issuer for purposes of interchange of Transactions.

including: The word "including" shall have its generally accepted meaning in these Rules and its use shall not be deemed, by implication or otherwise, to exclude any items or matters not specifically referenced.

Independent Sales Organization: An organization or individual, which is not an Acquirer, that engages in Merchant solicitation, sales or service, as defined in Chapter 7, with respect to Transactions.

Initial Issuer Response Cut-Off: The close of the tenth (10th) Business Day following the original Transaction Date or, if the Correction Request is to reverse or adjust a prior Correction Request, close of the tenth (10th) Business Day following the date of such earlier Correction Request. *(Amended November 15, 2001)*

Interchange: The exchange of Authorization requests, Transaction records, funds, or information between an Acquirer and CAS through an intermediate Network or other facility.

Interoperable Transaction: A Transaction initiated with a Card issued by one Issuer at a Terminal of an Acquirer that has an Acquirer Agreement with an Issuer other than that of the Issuer that issued the Card.

ISO: International Organization for Standards.

Issuer: A Government Entity that has agreed to, or an entity that has entered into an agreement with a Government Entity or Prime contractor to, undertake the responsibilities of an Issuer under these Rules. *(Amended November 15, 2001)*

Issuer Agreement: The agreement between an Issuer and a Government Entity or Prime Contractor evidencing the Issuer's agreement to abide by these Rules and setting forth the terms and conditions of the Issuer's services on behalf of the Government Entity or Prime Contractor.

Magnetic Stripe: A stripe of magnetic tape that is affixed on the reverse side of Cards and that meets all applicable standards contained in Chapter 1.

Magnetic Stripe Reader: A device at a Terminal that is capable of reading the entire Track 2 of the Magnetic Stripe on a Card and that meets all applicable standards contained in Chapter 3.

Manual SNAP Transaction: An off-line SNAP Transaction.

Manual Only Merchant: A Merchant that has been approved specifically authorized by the FCS to accept only Manual SNAP Transactions under these Rules.

Merchant: A Full Service Merchant, Cash Account Merchant or SNAP Only Merchant, including a Manual Only Merchant. *(Amended January 30, 1997)*



Merchant Agreement: A written agreement between an Acquirer and a Merchant setting forth the respective rights and duties of the parties with respect to Transactions and obligating the Merchant to abide by these Rules, as such may be amended from time to time.

NACHA: The National Automated Clearing House Association.

Network: An organization which: (i) manages and operates a payment system that supports authentication, authorization, clearing and settlement of retail point of sale, ATM and other transactions among Network Participants bound by the Network's Operating Rules; and (ii) has entered into a Processor Agreement with an Issuer or its Designated Agent. Participants in a Network include Financial Institutions, Merchants, and organizations that provide transaction processing services to the Network. Depending on the context, the term Network may be used to apply to the payment system manager/operator, the hardware, software and telecommunication links used to interchange transactions among Network Participants, and/or all Network Participants. *(Amended May 30, 2002)*

Non-Quest Mark: Service marks separate from the QUEST Mark that relate to transactions and agreements not governed by the Rules; a single card may display both the QUEST Mark and Non-Quest marks.

PAN (Primary Account Number): The Account number that identifies the Issuer and the Cardholder and that is fully displayed and encoded on the Card.

Partially Authorized Transaction: A Store and Forward Transaction that is Authorized by the CAS in an amount that is less than the amount requested. *(Amended September 26, 2014)*

Participant: An Issuer, Designated Agent, Acquirer, Processor, Third Party Service Provider, Network or Merchant that has entered into an agreement to participate in the routing and processing of Transactions and servicing of Cardholders or NACHA.

PIN (Personal Identification Number): A four to six character alphanumeric code issued to or selected by a Cardholder, which must be utilized by the Cardholder in conjunction with a Card to initiate a Transaction.

PIN Pad: A device through which a Cardholder may enter his or her PIN at a Terminal.

POB (Point of Banking) Terminal: An electronic hardware device used at a merchant or service provider location and designated by an Acquirer to accept Cards, that, when activated through use of a Magnetic Stripe on the Card, is capable of initiating a request for authorization for a Cash Disbursement or Balance Inquiry from a Cash Account. *(Amended August 28, 2006)*

POB Transaction: A Cash Disbursement or Balance Inquiry transaction authorized from a Cash Account that is initiated with a Card at a POB Terminal pursuant to these Rules. *(Amended August 28, 2006)*

POS (Point of Sale): The location where a Cardholder initiates a Transaction with a Merchant. *(Amended November 16, 2001)*

POS Acquirer: A Depository Institution that enters into Merchant Agreements or owns, operates or controls POS or POB Terminals which accept Cards for purchases and cash disbursements from, and Balance Inquiries to Cash Accounts and which display the QUEST Mark. A wholly-owned operating subsidiary of a Depository Institution may act as a POS Acquirer, provided that such Depository Institution (i) agrees to be responsible and liable for the acts and omissions of such operating subsidiary in connection herewith, and (ii) represents and warrants that it has full right, power and authority to undertake such responsibility and liability. *(Amended March 12, 2003 and August 28, 2006)*

POS Cash Transaction: A Purchase Only from Cash Account, Purchase with Cashback from Cash Account, Cash Only from Cash Account, Preauthorized Transaction or Balance Inquiry to a Cash Account initiated at a POS Terminal.



POS Terminal: An electronic hardware device used at the Point of Sale and designated by an Acquirer to accept Cards, including a Scrip Terminal or Stand-alone Balance Inquiry Terminal, that, when activated by a Cardholder through use of a Magnetic Stripe on a Card, is capable of initiating a request for Authorization of a purchase from an Account or initiating a Balance Inquiry.

POS Terminal Operator: An Acquirer, or Processor or Merchant on behalf of an Acquirer, that operates a telecommunications and processing system (including software and hardware) through which Transactions initiated at POS and POB Terminals are processed and routed, directly or indirectly, to the appropriate Issuer.

POS Transaction: A Transaction Authorized from either a Cash Account or a SNAP Account that is initiated with a Card at a POS Terminal pursuant to these Rules, including a Cash Merchandise Refund or a SNAP Merchandise Refund. *(Amended September 26, 2014)*

Preauthorization: The approval, in advance, of a POS Transaction up to a specified dollar amount by a CAS to guarantee funds for a purchase of goods or services to be completed at a later time within the terms of these Rules.

Preauthorized Transaction: A POS Transaction for which a Preauthorization has been provided by a CAS.

Prime Contractor: The entity with which a Government Entity contracts for the implementation, maintenance and operation of an EBT Program.

Processor: Any company processing Transactions on behalf of an Issuer, Acquirer or Merchant, including any Terminal Operator that is not also an Acquirer or a Network.

Purchase Only from Cash Account: A Transaction initiated with a Card at a POS Terminal whereby only the exact amount of a purchase of goods or services is debited from a Cash Account.

Purchase with Cashback from Cash Account: A Transaction initiated with a Card at a POS Terminal whereby the total amount debited from a Cash Account includes the amount of a purchase of goods or services plus an amount designated by the Cardholder to be received in cash.

Quest Graphic Standards Manual: A document, as amended from time to time that contains the graphic standards for use of the QUEST Mark.

QUEST Mark: The Quest design mark and such other service marks as may be adopted from time to time in accordance with these Rules.

Registered State Representative: A representative of a Government Entity for a State who registers on behalf of such State pursuant to procedures promulgated by NACHA. *(Amended December 16, 2008)*

Restrictive Cash Access: The prohibiting of certain types of retailers from participating in EBT and displaying the QUEST Mark for purposes of accepting Cash Transactions. *(Amended April 11, 2014)*

Resubmission: The submission for Authorization of a Manual SNAP Transaction or a Store and Forward Transaction following the denial of such Transaction by the CAS. *(Amended September 26, 2014)*

Reversal: The electronic reversal of the full amount of a prior Transaction. A partial Reversal can take place at an ATM due to an incomplete dispense.

Rules: These EBT Operating Rules, adopted on April 25, 1996, as amended thereafter from time to time.



Sales and Credit Draft: A paper draft used to initiate a Manual SNAP Transaction.

Scrip: A paper or token issued by an electronic hardware device located on the premises of a Merchant that is redeemable at Point of Sale locations on such Merchant's premises for U.S. currency or for goods or services.

Scrip Terminal: An electronic hardware device designated by an Acquirer to accept Cards that, when activated by a Cardholder through use of a Magnetic Stripe on a Card, is capable of automatically dispensing Scrip.

Security Compliance Review: A compliance review of security procedures performed pursuant to these Rules by each entity that handles encryption keys for Transactions.

Settlement: The movement of funds between an Issuer and an Acquirer in satisfaction of Transactions in accordance with these Rules.

Settlement Day: The calendar date on which funds are transferred for Settlement. The period between cut-off times established by an Issuer for Settlement.

Settlement Error: An auditable out-of-balance condition between any two Settlement endpoints that does not affect any Account. *(Amended December 1, 2000)*

SNAP Account: An authorization file maintained by an Issuer that represents benefits administered by a Government Entity under the federal Supplemental Nutrition Assistance Program.

SNAP Authorization Code: A code provided by a CAS indicating the Telephone Authorization of a Manual SNAP Transaction by the CAS.

SNAP Merchandise Refund: A Transaction initiated with a Card at a POS Terminal to credit a Cardholder's SNAP Account for a return of merchandise originally purchased under the Supplemental Nutrition Assistance Program with the same Card.

SNAP Only Merchant: A person or entity that has agreed to accept Cards for purchases of goods or services from SNAP Accounts, but not from Cash Accounts, and that has been specifically authorized by FCS to accept SNAP Transactions under these Rules, including a Manual Only Merchant. *(Amended January 30, 1997)*

Supplemental Nutrition Assistance Program: The government benefits program operated under the authority of the Food Stamp Act of 1964, as amended.

SNAP Purchase: A transaction initiated with a Card at a POS Terminal located at a SNAP Only Merchant or Full Service Merchant that is Authorized from a SNAP Account and the entire Transaction amount of which is for the purchase of products or services permitted under the Supplemental Nutrition Assistance Program.

SNAP Transaction: A SNAP Purchase, Balance Inquiry to a SNAP Account, or SNAP Merchandise Refund, including a Manual SNAP Transaction or a Store and Forward SNAP Transaction. *(Amended September 26, 2014)*

Stand-Alone Balance Inquiry Terminal: A POS or POB Terminal that is not part of the checkout lane and which permits the Cardholder to check the balance in his or her SNAP Account and Cash Account. *(Amended August 28, 2006)*

Stand-In Processing: The process whereby a third party approves or denies Transactions in place of a CAS at times when the CAS is unable to process such Transactions.



State: Any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands. *(Amended May 21, 1998)*

Store and Forward Cash Transaction: A Cash Transaction that is electronically stored with an encrypted PIN by a POS Terminal Operator when the POS Terminal Operator is unable to communicate with a CAS, and that is later forwarded to the CAS. *(Amended September 26, 2014)*

Store and Forward SNAP Transaction: A SNAP Transaction that is electronically stored with an encrypted PIN by a POS Terminal Operator when the POS Terminal Operator is unable to communicate with a CAS, and that is later forwarded to the CAS.

Store and Forward Transaction: A Store and forward Cash Transaction or a Store and Forward SNAP Transaction. *(Amended September 26, 2014)*

Surcharge: A fee added to a Transaction by an Acquirer, Terminal Operator or Merchant for a Transaction initiated at a Terminal.

Switch: The computer hardware and software operated by or on behalf of a Network for the purpose of routing Transactions among Participants.

System Error: An auditable processing failure that results in the improper crediting or debiting of an Account or in the failure to credit or debit an Account. Human error in Transaction data entry at the POS does not constitute a System Error, but may be addressed under the relevant EBT Program if provided for by the Governmental Entity responsible for such EBT Program. *(Amended December 1, 2000)*

Telephone Authorization: The oral approval by a CAS over the telephone of a request for a Manual SNAP Transaction.

Telephone Authorization Code: A number or code provided by a CAS to a Merchant indicating the CAS's Telephone Authorization of a SNAP Transaction.

Temporary Assistance to Needy Families (TANF): TANF is a government program that provides various benefits and cash assistance to needy families with children. As part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Congress created the TANF program (P.L.104-193, 110 Stat. 2015) to replace the Aid to Families with Dependent Children (AFDC) program.

Terminal: An ATM, POS or POB Terminal.

Terminal Operator: An ATM Operator or POS Terminal Operator.

Third Party Provider Agreement: A written agreement between an Issuer, Designated Agent or Acquirer and a Third Party Service Provider pursuant to which the Third Party Service Provider confirms its agreement to be bound by and comply with these Rules, as such Rules may be amended from time to time.

Third Party Service Provider: An organization entity or individual, other than an Issuer or an Acquirer, that provides EBT services as an Independent Sales Organization, Encryption Support Service Provider, Network and/or Processor as described in Chapter 7 of these Rules.

Track 2: The magnetic medium on Cards as defined by ISO 7813 which contains the data to be transmitted to the CAS.

Transaction: An ATM, POS or POB Transaction initiated through the use of a Card or a Terminal pursuant to these Rules. *(Amended June 13, 1997 and August 28, 2006)*



Transaction Date: The calendar date on which a request for a funds transfer pursuant to a Transaction or a Balance Inquiry was initiated.

Transaction Record: An electronic record or hard copy report of each Transaction, including ATM Transactions, POS Transactions, POB Transactions, Correction Requests and Correction Responses and Reversals sent by an Acquirer or CAS. *(Amended November 15, 2001 and August 28, 2006)*

Transaction Request: An electronic message sent by an Acquirer to a CAS requesting that the CAS authorize a Transaction.

Transaction Response: An electronic message sent to the Acquirer by the CAS in response to a Transaction Request authorizing or denying a Transaction.

Transaction Time: The local time at which the Transaction is initiated at a Terminal.

TRSM (Tamper Resistant Security Module): A tamper resistant security module as referenced in ANSI X9.24-1992.

Withdrawal from Cash Account: A transaction initiated with a Card at an ATM whereby only U.S. currency is dispensed to a Cardholder from a Cash Account.

Throughout these Rules, where such meanings would be appropriate, the singular will be deemed to include the plural and vice versa.