



Dispute Rules Manual

Operating Regulations

RELEASE 20.1

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This document is applicable to **Discover Network**



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Revision Summary

Please carefully review the *Dispute Rules Manual* for detailed changes. Throughout the document, the changes are marked with a vertical “change bar” in the left margin. New text is underlined in green, and deletions are indicated with by ~~red strikethrough~~.

This Revision Summary does not include legally binding terms of the *Dispute Rules Manual*. The headings, captions, and Revision Summary contained in these *Dispute Rules Manual* and in any of the other Program Documents will not be considered to be a part hereof or thereof for purposes of interpreting or applying any provision contained in these *Dispute Rules Manual* or in any of the other Program Documents, but are for convenience only.

Dispute Rules Manual At-a-Glance 			
Topic	Section		Impact
	No.	Title or Description	
Change in Requirements for UA02 Reason Code	5.6.2	UA02 - Fraud - Card Not Present Transaction	For Disputes initiated on and after April 17, 2020, an Issuer is not required to initiate a Ticket Retrieval Request if determined that the Merchant or Acquirer failed to provide valid Proof of Delivery before initiating a Chargeback with Reason Code UA02 (Fraud Card Not Present Transaction). This change shall not affect Disputes including Ticket Retrieval Requests initiated before April 17, 2020. This change aligns with the DCI Chargeback Guide and industry standards.
Disputes on Credits	5.4.10	RN2 - Credit Not Processed	The timeframe for an Issuer to initiate a Dispute using Reason Code RN2 is decreased from 15 to 10 calendar days. Additionally, an Issuer may not initiate a Dispute of a Card Sale when the Issuer provided a declined Authorization Response to an Authorization Request for Credit for a return.
	5.5.1	AT - Authorization Non-Compliance	An Issuer may initiate a Dispute of a Credit Transaction if the Merchant/Acquirer did not obtain a positive Authorization Response.

Disputes Rules Manual At-a-Glance 			
Topic	Section		Impact
	No.	Title or Description	
Clarification of Days to Submit Documentation for Disputes	4.3.2	Deadline for Responses; Consequences of Non-Response	Effective upon publication, the Dispute Rules are clarified to indicate that the deadline for response by an Acquirer or Merchant to a Ticket Retrieval Request is five (5) calendar days, not five Business Days.
	7.4	Acquirer's or Merchant's Obligations in Connection with Pre-Arbitration Inquiries	Effective upon publication, the Dispute Rules are clarified to indicate that an Acquirer or Merchant has three (3) calendar days after response to a Pre-Arbitration Inquiry to provide compelling evidence supporting the response.



I. Change in Requirements for UA02 Reason Code

Description

For Disputes initiated on and after April 17, 2020, an Issuer is not required to initiate a Ticket Retrieval Request if determined that the Merchant or Acquirer failed to provide valid Proof of Delivery before initiating a Chargeback with Reason Code UA02 (Fraud Card Not Present Transaction). This change shall not affect Disputes including Ticket Retrieval Requests initiated before April 17, 2020. This change aligns with the DCI Chargeback Guide and industry standards.

A. 5.6.2 UA02 - Fraud - Card Not Present Transaction

Excerpt

UA02 Reason Code Eligibility Rules

The UA02 Reason Code may be used by an Issuer to initiate a Chargeback Request when the Cardholder disputes the validity of a Card Not Present Card Transaction due to fraud ~~and the response by the Acquirer or Merchant to a Ticket Retrieval Request for the Card Transaction subject to Dispute did not include valid Proof of Delivery~~. If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a final and non-appealable Chargeback as set forth in Section 5.6.1, UA01 - Fraud - Card Present Transaction, or Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, as applicable.

Each of the following is an example of when the UA02 Reason Code may be assigned to a Dispute:

- The response by an Acquirer or Merchant ~~to a Ticket Retrieval Request for the Card Transaction subject to Dispute~~ did not include valid Proof of Delivery of the goods or services subject to Dispute
- The Issuer determines that the Merchant did not verify the numeric portion of the Cardholder's billing address and ZIP code using AVS for a Card Present Card Sale or a Card Not Present Card Sale with a Card issued in the U.S. where the Card Transaction was conducted in the U.S.

II. Disputes on Credits

Description

Effective April 17, 2020, the timeframe for an Issuer to initiate a Dispute for Reason Code RN2 is decreased from 15 to 10 calendar days. Issuers may not initiate a Dispute of a Credit Transaction using Reason Code RN2 when the Issuer provided a declined Authorization Response to an Authorization Request for a Credit for a return.

Additionally, an Issuer may initiate a Dispute of a Credit Transaction for Reason Code AT - Authorization Non-Compliance if the Acquirer or Merchant did not obtain a positive Authorization Response.

A. 5.4.10 RN2 - Credit Not Processed

Excerpt

For Disputes where the Account was billed for a reservation of goods or services after the Cardholder cancelled the reservation and did not use the goods or services, the Issuer must obtain the following information from the Cardholder at the time the Chargeback is initiated:

Cancellation method

Date of cancellation

Name of Merchant agent that processed the cancellation

A copy of the reservation agreement reflecting the Merchant's cancellation policy

If merchandise was shipped prior to cancellation, the Cardholder must return any merchandise, if received.

The Issuer may not initiate a RN2 Chargeback Request when the Issuer provided a declined Authorization Response to the Merchant's Authorization Request for Credit for a return.

Issuer Initiation Timeframe

Issuers may initiate RN2 Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

For Card Transactions involving Merchants in the direct marketing, food services, fast food, cruise line, transportation, lodging, and vehicle rental industries. Issuers may initiate RN2 Disputes up to 120 calendar days from the scheduled event date, but not more than 540 calendar days from the Processing Date. If the scheduled event date is not available to the Issuer, then the Issuer may initiate a RN2 Dispute up to 120 calendar days from the Processing Date. The Issuer must wait 10 calendar days from either: (i) the date of cancellation by the Cardholder of services or (ii) a reservation or the date goods were returned, as applicable, before initiating an RN2 Dispute.



B. 5.5.1 AT - Authorization Non-Compliance

Excerpt

AT Reason Code Eligibility Rules

Each of the following is an example of when an Issuer may use the AT Reason Code:

- Merchant/Acquirer used Downtime Authorization Services to provide a positive Authorization Response for a Card Transaction as set forth in the Operating Regulations; however, the Card Number was listed on the Negative File and the Merchant/Acquirer did not obtain a positive Authorization Response from the Issuer, Discover, or Chip Card
- Authorization Request was declined but a Card Sale was charged to the Account, including where DCVV Data was not submitted with the Track Data in the Authorization Request for a Card Sale involving a Contactless Payment Device
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and the Issuer responded to an Authorization Request with a declined or negative Authorization Response
- Merchant/Acquirer did not obtain a positive Authorization Response on a Credit Transaction for a return, except in cases where Merchant operates in a MCC assigned to an airline as set forth in the Operating Regulations and Technical Specifications.
- Issuer cannot collect the Card Sale amount from the Cardholder at the time the Sales Data is presented to the Issuer for Settlement and challenges the validity of a Card Sale involving an unembossed Prepaid Non-Reloadable Card for any of the following reasons (i) the Merchant did not obtain a positive Authorization Response for a Card Present Card Sale using electronic means by swiping the Card into a POS Device, but instead, “key entered” or “force entered” Card information into the POS Device; or (ii) the Acquirer or Merchant used Downtime Authorization Services to obtain a positive Authorization Response for such a Card Sale
- Card Sale completed after the expiration date on the Card and the Issuer cannot collect the amount of the Card Sale from the Account for any reason

III. Clarification of Days to Submit Documentation for Disputes

Description

Effective upon publication of Release 20.1, the Dispute Rules are clarified to indicate that the deadline for response by an Acquirer or Merchant to a Ticket Retrieval Request is five (5) calendar days, not five (5) Business Days. The Dispute Rules are also clarified to indicate that an Acquirer or Merchant has three (3) calendar days after response to a Pre-Arbitration Inquiry to provide compelling evidence supporting the response.

A. Section 4: Ticket Retrieval Requests

Excerpt

4.3.2 Deadline for Responses; Consequences of Non-Response

The Acquirer or Merchant must respond to Discover with the documentation required under Section 3: Transaction Documentation Requirements ~~by the date specified in Section 2.1, Response Period – Acquirers and Merchants~~ within five (5) calendar days of the Acquirer or Merchant’s Ticket Retrieval Request standard response timeframe as listed in Section 2.1, Response Period - Acquirers and Merchants. If the Acquirer or Merchant failed to respond to a Ticket Retrieval Request, Discover will close the Dispute upon expiration of the response period set forth in Section 2.1. The Issuer may subsequently initiate a final and non-appealable Chargeback for failure to respond to the Ticket Retrieval Request, except with respect to Good Faith Investigations, within the initiation period set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers, utilizing Reason Codes set forth in Section 5.4.1, AA - Does Not Recognize, Section 5.6.1, UA01 - Fraud - Card Present Transaction, Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, Section 5.6.3, UA05 - Fraud - Chip Card Counterfeit Transaction, and Section 5.6.4, UA06 - Fraud - Chip and PIN Transaction, as applicable, that will result in the loss by the Acquirer or Merchant of future Dispute rights. In addition, Discover may assess a Fee against the Acquirer or Merchant as indicated in the Agreement or Operating Regulations, as applicable, for failure to respond to the Ticket Retrieval Request.

B. Section 7: Pre-Arbitration Inquiry Overview

Excerpt

7.4 Acquirer’s or Merchant’s Obligations in Connection with Pre-Arbitration Inquiries

The Acquirer or Merchant will have 30 calendar days from the issue date of the Pre-Arbitration Inquiry Dispute Notice to respond, ~~and provide any additional documentation in opposition to the Pre-Arbitration Inquiry.~~ Compelling evidence must be submitted by the Acquirer or Merchant to Discover in support of the Acquirer or Merchant’s response to the Pre-Arbitration Inquiry Dispute Notice within three (3) calendar days of the Acquirer or Merchant’s Pre-Arbitration Response. If the Acquirer or Merchant fails to respond to the Pre-Arbitration Inquiry or if the Merchant or Acquirer accepts financial responsibility, the case will be decided in the Cardholder’s favor with no further Dispute rights for the Merchant or Acquirer.



Section 1: Dispute Resolution Process

The *Dispute Rules Manual* is incorporated by reference into the Agreement and/or Operating Regulations, and must be followed in connection with the resolution of Disputes involving Card Transactions. This document may not be copied, disclosed, or distributed to any third party without written permission from an authorized agent of the Discover party to your Agreement, except as otherwise expressly provided herein.

The purpose of these Dispute Rules is to provide an orderly and consistent process for the resolution of all Disputes related to Card Transactions.

These Dispute Rules describe procedures that Issuers, Acquirers, and Merchants must follow to protect their rights in connection with Disputes. The Technical Specifications, as applicable, describe the required form and format for all communications by Acquirers and Merchants with Discover that is required or permitted under these Dispute Rules. Parties to a Dispute must comply with applicable requirements of the Technical Specifications relating to Disputes or risk losing the Dispute.

Discover will perform the Dispute resolution functions described in these Dispute Rules. An Issuer may initiate Disputes with Discover on its own behalf or on behalf of its Cardholders. The Issuer initiating a Dispute is required to forward any documentation the Cardholder or Issuer possesses in support of the Dispute to Discover at the time the Dispute is initiated, as more fully described in these Dispute Rules. Discover receives, collects, and compiles information and documentation regarding Disputes from Issuers and forwards such information and documentation to Acquirers and Merchants, as applicable. Discover sends Dispute Notices to Acquirers and Merchants notifying them of Disputes initiated with respect to their Card Transactions. Acquirers and Merchants respond to Dispute Notices by sending responses to Discover, including information and documentation regarding the Dispute and the underlying Card Transaction. Discover receives, collects, and compiles information and documentation regarding Disputes from Acquirers and Merchants and forwards such information and documentation to Issuers. Issuers and Acquirers or Merchants are expected to resolve Disputes by exchanging Dispute-related information through the Discover[®] network. If the Issuer and the Acquirer or Merchant involved in a Dispute is unable to resolve the Dispute between them, upon receipt from the parties of information or documentation regarding the Dispute and the underlying Card Transaction, Discover resolves the Dispute and notifies the parties of its decision. Detailed procedures for the initiation of Disputes by Issuers, responses to Disputes by Acquirers and Merchants, and the resolution of Disputes by Discover are described in these Dispute Rules.

These Dispute Rules also provide for Dispute Arbitration as a mechanism that an Issuer, Acquirer, or Merchant may use to seek an appeal of a decision by Discover regarding a Dispute.

Except as otherwise indicated, references to Acquirers and Merchants in these Dispute Rules include International Acquirers and International Merchants, respectively. In the event of an actual conflict between the terms of these Dispute Rules and the terms of an Agreement, the terms of the applicable Agreement take precedence over these Dispute Rules.

1.1 Role of Discover in Disputes

Discover facilitates the resolution of Disputes between Issuers, Acquirers, and Merchants, and impartially resolves Disputes when such parties are unable to resolve them between themselves in accordance with these Dispute Rules, subject to any custom terms that may be included in a particular Agreement, as set forth in Section 2.1, Response Period—Acquirers and Merchants.

Discover receives Disputes initiated by Issuers and provides Dispute Notices to Acquirers and Merchants. Discover also receives documentation in support of Disputes from Issuers. Following receipt of a Dispute



and related documentation from the Issuer, Discover sends a Dispute Notice, including copies of all documentation received from the Issuer, to the appropriate Acquirer or Merchant. Discover receives responses to Dispute Notices and supporting documentation from the Acquirer or Merchant and forwards such responses and documentation to the Issuer. Depending on the type of Dispute and the response from the Acquirer or Merchant, as more fully described in these Dispute Rules, Discover closes the Dispute. Discover reviews Disputes and supporting documentation to confirm that they are submitted in the required form and format, as provided in these Dispute Rules and the Technical Specifications. In certain circumstances, Discover may also review the merits of a Dispute or resolution of a Dispute and supporting documentation to resolve the Dispute.

Discover relies on Issuers to ensure that the Disputes they initiate are supported by accurate and complete information and documentation. Unless required by law, Discover will not contact a Cardholder directly to obtain information or documentation in support of a Dispute. Issuers must provide to their Cardholders any documentation provided by the Acquirer or Merchant that requires review by the Cardholder.

Discover relies on Acquirers to provide accurate and complete information and documentation on behalf of their Merchants in response to Dispute Notices. Unless required by law, Discover will not contact an Acquirer's Merchant directly regarding a Dispute, including, without limitation, to obtain or complete the documentation needed to resolve a Dispute. Discover may initiate a Dispute for an Acquirer's or Merchant's failure to comply with its obligations under the applicable Operating Regulations, as more fully described in Section 5.2.7, Discover's Chargeback Rights.

Section 1.3.2, Timing for Initiation of Disputes by Issuers, of these Dispute Rules identifies the standard timeframes for the initiation of Disputes by Issuers, subject to the specific initiation timeframes applicable to individual Reason Codes under Section 5: Chargebacks. Section 2.1, Response Period—Acquirers and Merchants, of these Dispute Rules prescribes the deadlines Acquirers and Merchants must meet in responding to Dispute Notices and in requesting a Representment and/or Dispute Arbitration. Section 1.3.2.1, Timing for Initiation of Good Faith Investigation by Issuers, sets forth the process by which an Issuer may request assistance from Discover when investigating a Cardholder or Issuer claim regarding a Card Transaction outside of the standard timeframes for initiation of a Dispute challenging the Card Transaction.

If Discover is involved in the resolution of a Dispute, Discover will notify the parties of the Dispute outcome within five (5) Business Days of receipt by Discover of complete documentation, in each case as required under these Dispute Rules. However, if an Issuer and Acquirer or Merchant resolves a Dispute without the involvement of Discover, the Issuer must notify Discover of the resolution of the Dispute reached directly with Acquirer or Merchant. The Issuer must subsequently either reverse or withdraw the pending Dispute with Discover.

1.2 Role of Discover in Good Faith Investigations

Discover shall facilitate resolution of each Good Faith Investigation as set forth in Section 4.5.4, Reason Code 05 - Good Faith Investigation are not Disputes and the parties are not entitled to the rights associated with Disputes. Discover shall receive Good Faith Investigation requests from Issuers and shall forward each Good Faith Investigation to the Acquirer or Merchant for review. If the Acquirer or Merchant accepts responsibility for the Card Transaction that is the subject of the Good Faith Investigation, Discover may initiate a final and non-appealable Chargeback, and the Acquirer or Merchant shall be obligated to pay the amount in question. Issuers are not entitled to any additional rights with respect to Good Faith Investigation or to initiate a Chargeback for non-response to a Good Faith Investigation, Reason Code 05. Other than the right, but not the obligation, to respond to Good Faith Investigations, an Acquirers or Merchant has no additional obligations with respect to Good Faith Investigations.



1.3 Role of Issuers in Disputes

Issuers must use the Discover Network Dispute System (DNDS) or another Dispute resolution system approved by Discover to initiate all Disputes. Issuers must initiate all Disputes, both on behalf of their Cardholders and on their own behalf. Cardholders may not initiate Disputes and under no circumstances should an Issuer advise a Cardholder to contact Discover directly regarding a Dispute claim. The Issuer initiating a Dispute shall also submit all available supporting documentation to Discover, as more fully described in these Dispute Rules. When an Issuer initiates a Dispute on behalf of a Cardholder, the Issuer shall obtain information regarding the Dispute, including all relevant supporting documentation, from the Cardholder. Issuers may not send information about Disputes directly to Acquirers or Merchants. Instead, Issuers must send all documentation regarding Disputes to Discover. Issuers are also responsible for forwarding to their Cardholders all Acquirer and Merchant responses forwarded by Discover to the Issuers. Failure by an Issuer to obtain accurate and complete information from the Cardholder and/or to submit required documentation to Discover and/or the Cardholder may result in loss of the Dispute by the Issuer. Issuers should encourage Cardholders to resolve their claims against Merchants directly before the Issuer initiates a Dispute related to a claim. Except for Disputes initiated for a fraud investigation, an Issuer should await the results of a Cardholder's attempt to resolve a claim directly with the relevant Merchant before initiating a Dispute regarding the claim on the Cardholder's behalf.

Issuers may contact Acquirers or Merchants directly to resolve a Dispute; however, Issuers must notify Discover of the resolution of such Disputes. Additionally, following the resolution of a Dispute directly with an Acquirer or Merchant, Issuers must subsequently either reverse or withdraw the pending Dispute with Discover.

If the Issuer obtains new evidence supporting a Dispute after Representment of the Card Transaction or, if the Issuer otherwise disagrees with a Representment, the Issuer may submit a Pre-Arbitration Inquiry to Discover, as more fully described in Section 7: Pre-Arbitration Inquiry Overview. Issuers may withdraw from a Pre-Arbitration Inquiry and such withdrawal operates as a final resolution of the Pre-Arbitration Inquiry.

If the Issuer obtains new evidence supporting a Dispute after receipt of an adverse decision on a Pre-Arbitration Inquiry, the Issuer may request Dispute Arbitration with respect to the Dispute, as set forth in Section 8: Dispute Arbitration or initiate a Dispute Compliance.

After receipt of an adverse decision on a Pre-Arbitration Inquiry and expiration of all other rights with respect to a Dispute set forth in these Dispute Rules except Dispute Arbitration, if the Issuer first determines and documents that the Card Sale subject to Dispute violated the Operating Regulations, the Issuer may initiate a Dispute Compliance as set forth in Section 9: DC—Dispute Compliance.

Issuers are responsible for internally resolving Cardholder claims that do not involve Discover or are not otherwise addressed in these Dispute Rules, including, for example, Disputes between the Cardholder and Issuer regarding the amount of a payment received by the Issuer from the Cardholder or credit line cash access checks. Such claims and disagreements are not governed by these Dispute Rules.

If a Merchant and a Cardholder resolve the Cardholder's claim after a Dispute has been initiated by the Issuer and a Chargeback has been processed by Discover, and if the Issuer is permitted by applicable law to re-post the original Card Transaction amount to the Account, the Issuer must notify Discover of the resolution of the Dispute and shall provide Discover with any additional supporting detail regarding such resolution as Discover may request. Under such circumstances, the Issuer shall also submit a notice through the Discover Network Dispute System or another Dispute resolution system approved by Discover to effect the re-posting of the original Card Transaction amount to the Account and the repayment to



Discover of such amount. Discover will notify the corresponding Acquirer or Merchant within five (5) Business Days of the date when Discover receives notice from the Issuer of the informal resolution of the Dispute and will submit a credit or debit, as applicable, to the Acquirer or Merchant to effect the Settlement of the original Card Transaction amount.

In the event of insolvency by a Merchant that results in Disputes payable by Discover to the Issuer and its Cardholders and resulting in unrecovered losses to Discover, in each case due to the Merchant's failure to provide goods or services, Cash Advances, and/or Cash at Checkout purchased in a Card Transaction, the Issuer shall assist Discover, at the expense of Discover, in obtaining an assignment by each affected Cardholder to Discover of any claims against third party funds/bonds/proceeds that are otherwise payable to the Cardholder due to the Merchant's insolvency. The cooperation by the Issuer in obtaining such assignments shall include forwarding assignment letters in the form and format designated by Discover to the Cardholders and forwarding the Cardholders' responses to Discover.

1.3.1 Requirements for the Initiation of Disputes by Issuers

Issuers may initiate Disputes under any one of the following, limited circumstances:

- The Cardholder asserts that a Card Transaction was not valid
- The Cardholder claims that the Merchant did not provide agreed upon goods, services (e.g., quality of goods or services were lower than expected) or cash

Issuers may not initiate Disputes solely on the grounds that the Merchant or Acquirer did not comply with the obligations of the applicable Operating Regulations.

Issuers may initiate Disputes of any amount (provided that particular Reason Code may specify a minimum Dispute amount). Issuers may not initiate Disputes regarding the currency conversions performed by Discover.

1.3.2 Timing for Initiation of Disputes by Issuers

An Issuer may initiate a Ticket Retrieval Request within 365 calendar days of the Processing Date of a Card Transaction.

An Issuer may initiate a Chargeback within 120 calendar days of the Processing Date of a Card Transaction, including a Card Transaction involving an allegation of fraud (Section 5.6, Reason Code Rules for Fraud Disputes), unless a different period specified in the applicable Chargeback Reason Code as set forth in Section 5: Chargebacks.

An Issuer may initiate a Chargeback with respect to a Ticket Retrieval Request within the timeframe specified for the selected Reason Code. If the timeframe of the selected Reason Code has expired, the Issuer will have thirty (30) calendar days from the close date of the Ticket Retrieval Request to submit the Chargeback Request. Issuers should refer to the specific timing requirements in the Reason Code as set forth in Section 5: Chargebacks.

Upon receipt of a response to a Dispute Notice from an Acquirer or Merchant, Discover shall forward the response (including a Representment Request, if the Acquirer or Merchant disagrees with a Chargeback processed by Discover in connection with the Dispute) to the Issuer involved in the underlying Dispute. Issuers have 30 calendar days from the close date of a Representment to submit a Pre-Arbitration Inquiry. Dispute Arbitration or a Dispute Compliance may be initiated by an Issuer if the Pre-Arbitration Inquiry does not resolve the dispute to the satisfaction of such Issuer. For a Ticket Retrieval Request and a Chargeback with a Dispute Notice date before October 18, 2019, Issuers have thirty (30) calendar days from the notice date of a Pre-Arbitration Inquiry decision to request Dispute Arbitration. For a Ticket



Retrieval Request and a Chargeback with a Dispute Notice date on or after October 18, 2019, Issuers have ten (10) calendar days from the date of a Pre-Arbitration Inquiry decision to request Dispute Arbitration. Issuers have up to 2 years from the Processing Date of a Card Transaction to initiate a Dispute Compliance under the conditions set forth in Section 9: DC—Dispute Compliance.

Discover may reject Disputes initiated outside of the standard initiation timeframes set forth in this Section 1.3.2, Timing for Initiation of Disputes by Issuers, or in the particular Reason Code; however, in certain limited circumstances, an Issuer may be able to obtain assistance by Discover by initiating a Good Faith Investigation of a claim regarding a Card Transaction outside of the standard Dispute initiation timeframes, as set forth in Section 1.3.2.1, Timing for Initiation of Good Faith Investigation by Issuers. An Issuer may not initiate a Chargeback with respect to a Good Faith Investigation request.

1.3.2.1 Timing for Initiation of Good Faith Investigation by Issuers

Issuers may initiate a Good Faith Investigation after the expiration of the initiation periods indicated in Section 1.3.2, Timing for Initiation of Disputes by Issuers, and within two years of the Processing Date. Discover shall accept and forward each Good Faith Investigation request as set forth in Section 1.2, Role of Discover in Good Faith Investigations. If the Acquirer or Merchant does not respond to a Good Faith Investigation, Issuers may not initiate a Chargeback, Pre-Arbitration Inquiry, Dispute Arbitration, or Dispute Compliance with respect to the Card Transaction that is the subject of the Good Faith Investigation. A Good Faith Investigation Ticket Retrieval Request may be charged back if the Merchant accepts responsibility as described in Section 5.4.11, 05 -- Good Faith Investigation—Chargeback.

1.4 Role of Acquirers in Disputes

Acquirers must use the Disputes Electronic Format to respond to all Dispute Notices. Acquirers must respond to Discover regarding Disputes on behalf of their Merchants. Merchants that are parties to Merchant Agreements with Acquirers have no rights under these Dispute Rules because their Acquirers are required to act on their behalf.

Acquirers are responsible for transmitting to their Merchants all information and documentation received from Discover regarding Disputes and for obtaining accurate and complete information and documentation from their Merchants in preparing responses to Dispute Notices. Discover will not contact an Acquirer's Merchant directly in connection with a Dispute. Failure by an Acquirer to transmit information or documentation received from Discover to its Merchant, or failure by an Acquirer or Merchant to submit accurate and complete information and documentation to Discover in response to a Dispute Notice on a timely basis may result in Discover resolving the Dispute against the Acquirer or Merchant.

Acquirers (on behalf of themselves and their Merchants) may contact Issuers directly regarding Disputes. However, neither Acquirers nor Merchants may contact Cardholders regarding Disputes. Acquirers and Merchants should submit their responses to Disputes Notices to Discover including any information regarding Disputes resolved directly with Issuers. To the extent that Discover is involved in the resolution of a Dispute, Discover will forward to the Issuer all information and documentation received from an Acquirer in response to a Dispute Notice as set forth in Section 1.1, Role of Discover in Disputes.

Acquirers may, but are not required to, respond to a notice of a Good Faith Investigation from Discover. If the Acquirer responds to a notice of a Good Faith Investigation, the Acquirer's response and all supporting documentation must be sent to Discover. If the Acquirer accepts responsibility for the Card Transaction that is the subject of the Good Faith Investigation, Discover may initiate a final and non-appealable Chargeback with the same Reason Code. Acquirers are not entitled to any additional rights, and have no additional obligations, with respect to each Good Faith Investigation.



1.4.1 Timing for Initiation of Dispute Arbitration by Acquirers

Dispute Arbitration may be initiated by an Acquirer if the Pre-Arbitration Inquiry does not resolve the Dispute to the satisfaction of such Acquirer. For a Ticket Retrieval Request and a Chargeback with a Dispute Notice date before October 18, 2019, Acquirers have thirty (30) calendar days from the date of a Pre-Arbitration Inquiry decision to request Dispute Arbitration. For a Ticket Retrieval Request and a Chargeback with a Dispute Notice date on or after October 18, 2019, Acquirers have ten (10) calendar days from the date of a Pre-Arbitration Inquiry decision to request Dispute Arbitration.

1.5 Role of Merchants in Disputes

Merchants that are parties to Merchant Agreements with Acquirers have no rights or responsibilities under these Dispute Rules because their Acquirers are required to act on their behalf. Only Merchants that are parties to Merchant Agreements with the Discover party to your Agreement (or any predecessor to the Discover party to your Agreement) have rights and responsibilities under these Dispute Rules. Such Merchants that are parties to Merchant Agreements with the Discover party to your Agreement must respond to Discover regarding Disputes on their own behalf. Merchants must use the Disputes Electronic Format or other method approved by Discover to respond to all Dispute Notices. Failure by such a Merchant to submit accurate and complete information and documentation to Discover in response to a Dispute Notice on a timely basis may result in Discover resolving the Dispute against the Merchant.

Merchants may contact Issuers directly regarding Disputes. However, Merchants and Acquirers may not contact Cardholders directly regarding Disputes. Merchants should submit their responses to Disputes Notices to Discover including any information regarding Disputes resolved directly with Issuers. To the extent that Discover is involved in the resolution of a Dispute, Discover will forward to the Issuer all information and documentation received from a Merchant in response to a Dispute Notice as set forth in Section 1.1, Role of Discover in Disputes.

Merchants may, but are not required to, respond to a notice of a Good Faith Investigation. If the Merchant responds to a notice of a Good Faith Investigation, the response and all supporting documentation should be sent to Discover. If the Merchant accepts responsibility for the Card Transaction that is the subject of the Good Faith Investigation, Discover may initiate a final and non-appealable Chargeback with the same Reason Code. Merchants are not entitled to any additional rights, and have no additional obligations, with respect to each Good Faith Investigations.

1.5.1 Timing for Initiation of Dispute Arbitration by Merchants

Dispute Arbitration may be initiated by a Merchant if the Pre-Arbitration Inquiry does not resolve the Dispute to the satisfaction of such Merchant. For a Ticket Retrieval Request and a Chargeback with a Dispute Notice date before October 18, 2019, Merchants have thirty (30) calendar days from the date of the Pre-Arbitration Inquiry decision to request Dispute Arbitration. For a Ticket Retrieval Request and a Chargeback with a Dispute Notice date on or after October 18, 2019, Merchants have ten (10) calendar days from the date of the Pre-Arbitration Inquiry decision to request Dispute Arbitration.



Section 2: Response Timeframes

2.1 Response Period—Acquirers and Merchants

Upon initiation of a Dispute by an Issuer, Discover shall send a Dispute Notice to the Acquirer or Merchant involved in the underlying Card Transaction.

The following chart summarizes the standard response timeframes within which an Acquirer or Merchant must respond to Discover following the issue date on a Dispute Notice to avoid closure of the Dispute in favor of the Issuer due to non-response by the Merchant or Acquirer.

Dispute Notification	Standard Response Timeframes
Ticket Retrieval Request	30 calendar days from the Dispute Notice issue date
Chargeback (Representment Request)	45 calendar days from the Dispute Notice issue date for a Chargeback and a Representment dated before October 18, 2019 30 calendar days from the Dispute Notice issue date for a Chargeback and a Representment dated on and after October 18, 2019
Pre-Arbitration Inquiry	30 calendar days from the Dispute Notice issue date
Dispute Arbitration	15 calendar days from the Dispute Notice issue date
Dispute Compliance Claim	30 calendar days from the Dispute Notice issue date

2.2 Exception—Natural Disaster Handling

In the event of a natural disaster, Discover will notify the affected parties to a Dispute when it has implemented a reasonable accommodation under these Dispute Rules for parties affected by the disaster. The implementation of any accommodation is solely within the discretion of Discover, and may include an extension of time for Acquirers and Merchants affected by the disaster to respond to Dispute Notices beyond the response timeframe otherwise required under these Dispute Rules or in the Acquirer's or Merchant's Agreement. Notification of an accommodation under this Section 2.2 will be established based upon information obtained from the Federal Emergency Management Agency or any other source deemed credible at the sole discretion of Discover.



Section 3: Transaction Documentation Requirements

3.1 Acquirer's and Merchant's Obligations and Rights—Information Required in Transaction Documentation

3.1.1 Information Required in All Transaction Documentation

Transaction Documentation submitted by an Acquirer or Merchant in response to a Dispute Notice must comply with the requirements described below, as well as with the specific requirements under each Reason Code set forth in Section 5: Chargebacks. All of the following information must be present in Transaction Documentation for all types of Card Transactions:

- Card Number, truncated where required by law
- Cardholder's name as it appears on the Card, if present
- Merchant's name and location (city/town and province/state) and Discover Merchant Number
- Total dollar amount of the Card Transaction including tax and tip
- Authorization Code, where applicable
- Card Transaction date
- Quantity and brief description of the goods or service purchased, except for Transaction Receipts which are not required under the Operating Regulations to include this information

3.1.1.1 Exception for Transaction Receipts

Transaction Receipts are not required to include the quantity and a brief description of the goods and/or service purchased. Under these circumstances, the Acquirer or Merchant is required to provide documentation disclosing this information to us in connection with a Dispute.

3.2 Additional Information Required for Swiped Card Transactions

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, for Transaction Receipts for Swiped Card Transactions, including Card Sales at Self-Service Terminals but not including Card Sales at CATs, the Merchant is not required to obtain the Cardholder's signature on the Receipt. Issuers may not initiate a Chargeback request for the Merchant's failure to obtain the Cardholder's signature on the Receipt for a Swiped Card Transaction..

Contactless Magnetic Stripe Card Transactions and Chip Card Transactions where Chip Fallback procedures are used to obtain an Authorization Response constitute Swiped Card Transactions for purposes of these Dispute Rules.

3.2.1 Additional Information Required in Keyed Card Transactions

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, Transaction Documentation for Keyed Card Transactions must comply with the Operating Regulations

3.2.2 Additional Information Required in Card Not Present Card Transactions

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, Transaction Documentation for Card Not Present Card Transactions must include all of the following:



- A notation that CID was included in the Authorization Request
- A notation that Address Verification was completed using the Address Verification Service (AVS) for Card Sales in the U.S., Mexico, Central America, or the Caribbean

Note: Card Not Present Card Sales conducted in Canada are not subject to Dispute for a Merchant's failure to obtain Address Verification through AVS.

- A notation that the Merchant obtained Proof of Delivery or evidence that the goods or services were delivered as directed by the Cardholder, as more fully set forth in Section 5: Chargebacks.

3.2.3 Additional Information Required in Card Sales Involving Recurring Payments

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, for Card Sales involving Recurring Payments, Acquirers and/or Merchants must provide Discover with a copy of the Recurring Payments Plan as agreed to by the Cardholder.

3.2.4 Additional Information Required in Card Sales Involving Vehicle Rentals

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, for Card Sales involving vehicle rentals Acquirers and/or Merchants must provide Discover with documentation including all of the following:

- Rental location and return location
- Rental agreement number
- Rental and return dates
- Description of the rental (type of vehicle, mileage, etc.)

3.2.5 Additional Information Required for Card Sales at Lodging and Cruise Line Merchants

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, for Card Sales at lodging and cruise line Acquirers and/or Merchants must provide Discover with documentation including all of the following:

- Dates of the stay, including check-in and check-out dates
- Itemization of charges, including room rate, taxes, food and beverage charges, and incidental charges

3.2.6 Additional Information Required for Card Sales at Airline or Passenger Rail Merchants

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, for Card Sales at airline and passenger rail Acquirers and/or Merchants must provide Discover with documentation including all of the following:

- Address to which the ticket was mailed, if applicable and available
- Passenger name
- Travel agent name and location, if applicable
- Airline flight or railway itinerary information, if applicable



3.2.7 Additional Information Required for Card Sales at CATs

In addition to the requirements set forth in Section 3.1.1, Information Required in All Transaction Documentation, Transaction Documentation for Card Sales conducted at CATs must include all of the following:

- Service station identification number, or city and state
- CAT log with time, date, transaction amount and Authorization Code
- Invoice number/transaction reference number

3.2.8 No Signature Required for Card Sales in the U.S., Canada, Mexico and the Caribbean

Notwithstanding the requirements in Section 3.1.1, Information Required in All Transaction Documentation, Merchants operating in the U.S., Canada, Mexico and the Caribbean are not required to obtain the Cardholder's signature on the Transaction Documentation.

3.3 Substitute Transaction Documentation

In response to Ticket Retrieval Requests for certain types of Card Transactions (including without limitation, Card Sales conducted at CATs and Self-Service Terminals), the Acquirer or Merchant may provide Substitute Transaction Documentation. The Substitute Transaction Documentation must contain all of the data required under Section 3.1, Acquirer's and Merchant's Obligations and Rights—Information Required in Transaction Documentation.

3.4 Acquirer or Merchant Submission of Additional Information Related to a Ticket Retrieval Request

In addition to the documentation, an Acquirer or Merchant is required to provide under these Dispute Rules when responding to a Ticket Retrieval Request, Acquirers and Merchants, in their discretion, may provide Discover with supplemental relevant information or documentation related to a Card Transaction that is the subject of the Ticket Retrieval Request. Discover will forward such additional information or documentation to the Issuer together with the required Ticket Retrieval Request response.



3.5 Right of Issuer to Initiate Chargeback for Insufficient Transaction Documentation

If the Transaction Documentation or the Substitute Transaction Documentation provided by an Acquirer or Merchant in response to a Ticket Retrieval Request, except Good Faith Investigations, does not contain all of the elements required in Section 3.1, Acquirer's and Merchant's Obligations and Rights—Information Required in Transaction Documentation, the Issuer may initiate a Chargeback Request for the underlying Card Transaction as set forth in Section 5.2.2, Requirements for Initiation of a Chargeback Request, subject to the requirements of these Dispute Rules, including use of the appropriate Reason Code.



Section 4: Ticket Retrieval Requests

4.1 Ticket Retrieval Overview

A Ticket Retrieval Request is a request by an Issuer, on behalf of the Cardholder or on its own behalf, for a copy of Transaction Documentation or other documentation of a Card Transaction. A Ticket Retrieval Request can be used to obtain a copy of Transaction Documentation when the Cardholder does not recognize a Card Transaction or where the Cardholder or Issuer believes that the underlying Card Transaction is invalid and seeks compelling evidence from the Acquirer or Merchant to support a Chargeback of the Card Transaction. An Issuer may initiate a Chargeback as set forth in Section 4.3.2, Deadline for Responses; Consequences of Non-Response, if the Acquirer or Merchant failed to respond or provided an inadequate response to the Ticket Retrieval Request, except with respect to Good Faith Investigations in which case an Issuer has no additional Dispute rights as set forth in Section 4.5.4, Reason Code 05 - Good Faith Investigation. Acquirers or Merchants may be obligated to pay a Fee for each Ticket Retrieval Requests as indicated in the Agreement or Operating Regulations, as applicable.

4.2 Rights and Responsibilities of an Issuer Initiating a Ticket Retrieval Request

If an Issuer desires to obtain a copy of Transaction Documentation regarding a Card Transaction, the Issuer may submit a Ticket Retrieval Request regarding the Card Transaction to Discover using the Discover Network Dispute System or another Dispute resolution system approved by Discover.

4.2.1 Required Data Elements for Ticket Retrieval Requests

Each Ticket Retrieval Request initiated by an Issuer should include all of the following required data elements, to the extent available to the Issuer:

- Card Number
- Cardholder's name as it appears on the Card, if present
- Merchant's name and location (city/town and province/state) and Discover Merchant Number
- Total dollar amount of the Card Transaction, including tax and tip
- Authorization Code, if applicable
- Card Transaction date
- Applicable Reason Code for the Ticket Retrieval Request, as set forth in Section 4.5, Ticket Retrieval Request Reason Codes

4.2.2 Timing

An Issuer may initiate a Ticket Retrieval Request in accordance with the timing requirements set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers. An Issuer may initiate a Good Faith Investigation Request in accordance with the timing requirements set forth in Section 1.3.2.1, Timing for Initiation of Good Faith Investigation by Issuers.

4.2.3 Discover's Handling of Ticket Retrieval Requests

Following an Issuer's initiation of a Ticket Retrieval Request, Discover will send a Dispute Notice to the applicable Acquirer or Merchant requesting a copy of the Transaction Documentation related to the Card Transaction at issue. The Dispute Notice will include information to aid the Acquirer or Merchant in locating the requested Transaction Documentation and will indicate the Reason Code set forth in



Section 4.5, Ticket Retrieval Request Reason Codes that accurately describes the reason for the Dispute together with an explanation of the Dispute and the Ticket Retrieval Request response due date.

4.2.4 Incomplete Ticket Retrieval Requests

If Discover receives a Ticket Retrieval Request from an Issuer that is not in the form and format required by Discover, the Ticket Retrieval Request may not be forwarded to the Acquirer or Merchant. Discover will update the status of and close the Ticket Retrieval Request for failure to comply with the form and format requirements of these Dispute Rules and the Technical Specifications.

4.2.5 No Duplicate Ticket Retrieval Requests

Issuers may not initiate a second or subsequent Ticket Retrieval Request for the same portion of the same Card Transaction when the original Ticket Retrieval Request is still pending or, after another Dispute is resolved with respect to the same portion of the same Card Transaction. After the Acquirer or Merchant responds to a Ticket Retrieval Request, the Issuer may not submit an additional Ticket Retrieval Request for the same portion of the same Card Transaction. Any documentation received from the Acquirer or Merchant in response to a Ticket Retrieval Request will be stored in DNDS and be available for review by the Issuer for six (6) months after the Dispute closes.

4.2.6 Chargeback Rights for Failure to Respond to Ticket Retrieval Requests

If an Acquirer or Merchant failed to respond to a Ticket Retrieval Request within the timeframe specified in Section 2.1, Response Period—Acquirers and Merchants, except with respect to Good Faith Investigations, an Issuer may initiate a final and non-appealable Chargeback in accordance with Section 5.4.1, AA - Does Not Recognize, Section 5.6.1, UA01 - Fraud - Card Present Transaction, Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, Section 5.6.3, UA05 - Fraud - Chip Card Counterfeit Transaction, and Section 5.6.4, UA06 - Fraud - Chip and PIN Transaction as applicable, and the Acquirer or the Merchant has no additional rights under these Dispute Rules.

4.3 Rights and Responsibilities of Acquirers and Merchants Responding to Ticket Retrieval Requests

4.3.1 Required Data Elements in Responses

Transaction Documentation provided in response to Ticket Retrieval Requests must contain the data elements set forth in Section 3: Transaction Documentation Requirements. The Acquirer or Merchant may also include compelling evidence that supports the validity of the Card Transaction subject to Dispute in its response to a Ticket Retrieval Request.

4.3.2 Deadline for Responses; Consequences of Non-Response

The Acquirer or Merchant must respond to Discover with the documentation required under Section 3: Transaction Documentation Requirements ~~by the due date specified in Section 2.1, Response Period—Acquirers and Merchants~~ within five (5) calendar days of the Acquirer or Merchant's Ticket Retrieval Request standard response timeframe as listed in Section 2.1, Response Period—Acquirers and Merchants. If the Acquirer or Merchant failed to respond to a Ticket Retrieval Request, Discover will close the Dispute upon expiration of the response period set forth in Section 2.1. The Issuer may subsequently initiate a final and non-appealable Chargeback for failure to respond to the Ticket Retrieval Request, except with respect to Good Faith Investigations, within the initiation period set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers, utilizing Reason Codes set forth in Section 5.4.1, AA - Does Not Recognize, Section 5.6.1, UA01 - Fraud - Card Present Transaction, Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, Section 5.6.3, UA05 - Fraud - Chip Card Counterfeit Transaction, and



Section 5.6.4, UA06 - Fraud - Chip and PIN Transaction, as applicable, that will result in the loss by the Acquirer or Merchant of future Dispute rights. In addition, Discover may assess a Fee against the Acquirer or Merchant as indicated in the Agreement or Operating Regulations, as applicable, for failure to respond to the Ticket Retrieval Request.

4.4 Issuer Receipt of Acquirer or Merchant Responses to Ticket Retrieval Requests

4.4.1 Discover Forwarding of Acquirer and Merchant Responses

Discover will transmit the documentation received from the Acquirer or Merchant in response to a Ticket Retrieval Request to the Issuer within five (5) Business Days following receipt by Discover of such documentation from the Acquirer or Merchant.

4.4.2 Issuer's Obligation to Accept Substitute Transaction Documentation

An Issuer that initiates a Ticket Retrieval Request relating to Transaction Documentation must accept Substitute Transaction Documentation, provided that the Substitute Transaction Documentation must be sufficiently legible to permit the Cardholder to recognize the Card Sale or identify the Card Number.

4.4.3 Issuer's Rights

An Issuer may use the Transaction Documentation received from a Ticket Retrieval Request as supporting evidence to initiate a Chargeback Request within the initiation period specified in Section 1.3.2, Timing for Initiation of Disputes by Issuers, using a Reason Code set forth in Section 5: Chargebacks that accurately describes the reason for the Dispute. If Transaction Documentation supporting a Ticket Retrieval Request is available in DNDS, the Issuer is not required to resubmit the same Transaction Documentation in support of subsequent Disputes of the same Card Transaction that is supported by such evidence.

4.5 Ticket Retrieval Request Reason Codes

Issuers must assign Reason Codes to Ticket Retrieval Requests based on the reason for the Dispute provided by the Cardholder or Issuer. In addition to the Reason Code, Ticket Retrieval Requests must include an explanation of the reason for the Dispute and the deadline for response to the Ticket Retrieval Request. Transaction Documentation submitted by an Acquirer or Merchant in response to a Ticket Retrieval Request must comply with the requirements in Section 3: Transaction Documentation Requirements.

Reason Code	Dispute Reason	Dispute Explanation
01	Transaction Documentation Request	The Cardholder/Issuer requests a copy of Transaction Documentation as set forth in Section 4.5.1, Reason Code 01 - Transaction Documentation Request.
03	Transaction Documentation Request Due to Cardholder Dispute	The Cardholder/Issuer requests Transaction Documentation for a Card Transaction that the Cardholder alleges is invalid as set forth in Section 4.5.2, Reason Code 03 - Transaction Documentation Request Due to Cardholder Dispute.



Reason Code	Dispute Reason	Dispute Explanation
04	Transaction Documentation Request for Fraud Analysis	The Issuer's security personnel requests Transaction Documentation in connection with a fraud investigation of a Card Transaction as set forth in Section 4.5.3, Reason Code 04 – Transaction Document Request for Fraud Analysis.
05	Good Faith Investigation	As set forth in Section 4.5.4, Reason Code 05 - Good Faith Investigation, the Cardholder/ Issuer challenges the validity of a Card Transaction after the expiration of the standard Dispute initiation timeframes in Section 1.3.2, Timing for Initiation of Disputes by Issuers. Good Faith Investigations are subject to Chargeback under certain conditions: see Section 4.5.4, Reason Code 05 - Good Faith Investigation and Section 9: DC—Dispute Compliance. No additional Dispute rights apply to Good Faith Investigations.

4.5.1 Reason Code 01 - Transaction Documentation Request

Reason Code 01 is valid for a Ticket Retrieval Request for documentation regarding a Card Transaction (including an ATM Transaction).

Reason Code 01 - Eligibility Rules

Reason Code 01 is valid for Ticket Retrieval Requests requesting a copy of Transaction Documentation.

Issuer Initiation Timeframe

Issuers may initiate Ticket Retrieval Requests with Reason Code 01 in accordance with the initiation periods as set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

An Issuer initiating a Ticket Retrieval Request with Reason Code 01 must comply with the requirements set forth in Section 4.2, Rights and Responsibilities of an Issuer Initiating a Ticket Retrieval Request. If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a Chargeback as set forth in Section 5: Chargebacks.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a Ticket Retrieval Request with Reason Code 01 within the timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants, or the Acquirer or Merchant may be subject to Chargeback as set forth in Section 5: Chargebacks. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover in support of a response to a Ticket Retrieval Request with Reason Code 01:

- Transaction Documentation signed by the Cardholder indicating that the Cardholder agreed to the Card Transaction subject to Dispute; or



- Evidence that the Cardholder received the goods and/or services purchased in the Card Transaction and the Card Transaction otherwise complies with the Operating Regulations

If an Acquirer or Merchant responds to the Ticket Retrieval Request accepting responsibility for the Card Transactions, Discover may initiate a Dispute adjustment in the amount of the Dispute with no change to the Reason Code.

4.5.2 Reason Code 03 - Transaction Documentation Request Due to Cardholder Dispute

Reason Code 03 is valid for a Ticket Retrieval Request relating to a claim that the Cardholder was charged or credited for a Card Transaction (including an ATM Transaction) that the Cardholder disputes as invalid.

Reason Code 03 - Eligibility Rules

Reason Code 03 is valid for Ticket Retrieval Requests relating to Card Transaction(s) disputed by the Cardholder as invalid.

The following are examples of Ticket Retrieval Requests with appropriate uses of Reason Code 03:

- Duplicate Posting of a Card Transaction (including an ATM Transaction)
- Cardholder does not recognize a transaction
- Account billed after the expiration of a Recurring Payment Plan
- Account billed after Cardholder revokes approval to bill an Account as payment for obligations under a Recurring Payment Plan
- Cardholder paid by other means
- Cardholder claims the amount of a Card Transaction billed to the Account is not accurate (including an ATM Transaction)
- Cardholder never received goods and/or services or cash (including an ATM Transaction)
- Cardholder disputes the quality of goods or services delivered by the Merchant
- Cardholder claims that a Credit was promised by the Merchant but was not credited to the Account

Issuer Initiation Timeframe

Issuers may initiate Ticket Retrieval Requests with Reason Code 03 in accordance with the initiation periods set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

An Issuer initiating a Ticket Retrieval Request with Reason Code 03 must comply with the requirements in Section 4.2, Rights and Responsibilities of an Issuer Initiating a Ticket Retrieval Request. If the Ticket Retrieval Request relates to an ATM Transaction, the Merchant must have entered into a Cash Agreement and must have processed the Card Transaction using Merchant Category Code 6011. If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a final and non-appealable Chargeback as set forth in Sections Section 5.4.1, AA - Does Not Recognize, Section 5.6.1, UA01 - Fraud - Card Present Transaction, Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, Section 5.6.3, UA05 - Fraud - Chip Card Counterfeit Transaction, and Section 5.6.4, UA06 - Fraud - Chip and PIN Transaction, as applicable.



Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a Ticket Retrieval Request with Reason Code 03 within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants, or the Acquirer or the Merchant may be subject to a final and non-appealable Chargeback as set forth in Section 5.4.1, AA - Does Not Recognize, Section 5.6.1, UA01 - Fraud - Card Present Transaction, Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, Section 5.6.3, UA05 - Fraud - Chip Card Counterfeit Transaction, and Section 5.6.4, UA06 - Fraud - Chip and PIN Transaction, as applicable. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover in support of a response to a Ticket Retrieval Request with Reason Code 03:

- Transaction Documentation signed by the Cardholder indicating that the Cardholder agreed to the Card Transaction
- Evidence that the Cardholder received the goods and/or services with respect to the Card Transaction, such as Proof of Delivery
- Evidence that the Cardholder received the goods and/or services and the Card Transaction otherwise complies with the agreement between the Cardholder and the Merchant, including a Recurring Payments Plan, and the Agreement or Operating Regulations, as applicable
- Evidence that the Cardholder received cash in a Card Transaction involving Cash at Checkout as part of a Card Sale or in an ATM transaction
- Evidence that the Merchant granted a Credit to the Account in the amount subject to Dispute, where Credits are permitted by these Dispute Rules and the Operating Regulations

If an Acquirer or Merchant responds to the Ticket Retrieval Request and accepts responsibility for the Card Transaction, Discover may initiate a Dispute adjustment for the amount of the Dispute with no change to the Reason Code.

4.5.3 Reason Code 04 – Transaction Document Request for Fraud Analysis

Reason Code 04 is valid for Card Transactions (other than ATM Transactions) where neither the Cardholder nor any Authorized User participated in or benefited from the Card Transaction, and the Cardholder disputes the Card Transaction as fraud.

Only an Issuer's security personnel may use Reason Code 04 to initiate a Ticket Retrieval Request and only after the Issuer (a) reported the fraud activity to Discover in accordance with the applicable Operating Regulations; and (b) initiated a fraud investigation on behalf of the Cardholder. The Issuer must also "hot card," block, or "status" the Account to prevent any subsequent Card Transaction activity following receipt of notice from the Cardholder of alleged fraudulent activity.

Reason Code 04 Eligibility Rules

Reason Code 04 is valid for Ticket Retrieval Requests relating to Card Transaction(s) that the Cardholder disputes as the result of fraudulent activity on the Account.

Issuer Initiation Timeframe

Issuers may initiate Ticket Retrieval Requests with Reason Code 04 in accordance with the initiation periods set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers.



Issuer Initiation Rules

An Issuer initiating a Ticket Retrieval Request with Reason Code 04 must comply with the requirements in Section 4.2, Rights and Responsibilities of an Issuer Initiating a Ticket Retrieval Request. If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a final and non-appealable Chargeback as set forth in Section 5.4.1, AA - Does Not Recognize, Section 5.6.1, UA01 - Fraud - Card Present Transaction, Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, Section 5.6.3, UA05 - Fraud - Chip Card Counterfeit Transaction, and Section 5.6.4, UA06 - Fraud - Chip and PIN Transaction, as applicable.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to Ticket Retrieval Requests with Reason Code 04 within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants, or the Acquirer or Merchant may be subject to a final and non-appealable Chargeback as set forth in Sections 5.4.1, 5.6.1, 5.6.2, 5.6.3, and 5.6.4 as applicable. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to a Ticket Retrieval Request with Reason Code 04:

- Transaction Documentation signed by the Cardholder indicating that the Cardholder agreed to the Card Transaction
- Evidence that the Cardholder received the goods and/or services and the Card Transaction otherwise complies with the Operating Regulations
- Evidence that the Merchant granted a Credit to the
- Account to correct the Card Transaction subject to Dispute

If an Acquirer or Merchant responds to the Ticket Retrieval Request accepting responsibility for the Card Transactions, Discover may initiate a Dispute adjustment for Dispute with no change to the Reason Code.

4.5.4 Reason Code 05 - Good Faith Investigation

Reason Code 05 is valid for a Good Faith Investigation request where the Cardholder or Issuer challenges the validity of a Card Transaction after the expiration of the standard Dispute initiation timeframes in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Reason Code 05 Eligibility Rules

Reason Code 05 is valid for requests where the Cardholder or Issuer initiates a Good Faith Investigation request challenging the validity of a Card Transaction after the expiration of the standard Dispute initiation timeframe in Section 1.3.2, where the Card Transaction was not previously subject to Dispute.

Issuer Initiation Timeframe

Issuers may initiate Good Faith Investigation request in accordance with the initiation periods set forth in Section 1.3.2.

Issuer Initiation Rules

An Issuer initiating a Good Faith Investigation request must comply with the requirements in Section 4.2, Rights and Responsibilities of an Issuer Initiating a Ticket Retrieval Request. Issuers are not entitled to any additional Dispute rights for non-response by the Acquirer or Merchant to a Good Faith Investigation request.



Acquirer or Merchant Response Rules

Acquirers or Merchants are not obligated to respond to Good Faith Investigation requests.

If the Acquirer or Merchant accepts responsibility for the Card Transaction, Discover may initiate a final and non-appealable Chargeback with no change to the Reason Code and process a Credit to the Issuer in the amount acknowledged by the Acquirer or Merchant. Acquirers or Merchants are not entitled to any additional rights, and have no additional obligations, under these Dispute Rules with respect to the Card Transaction that is the subject of the Good Faith Investigation, except as described below.

If the Acquirer or Merchant does not respond to a Good Faith Investigation request, Issuers are not entitled to any additional rights under these Disputes Rules with respect to the Card Transaction that is the subject of the Good Faith Investigation, including the initiation of a Chargeback for non-response to a Good Faith Investigation.

If, after receipt of notice of a Good Faith Investigation, Discover determines that one or more of the Merchant's Card Transactions violated the Operating Regulations by operating in a Prohibited Merchant Category (e.g., by engaging in deceptive, fraudulent, or predatory practices, or violations of Requirements of Law), Discover may initiate a Dispute Compliance claim as described in Section 9, DC—Dispute Compliance.



Section 5: Chargebacks

5.1 Chargeback Overview

A Chargeback is the reversal of Settlement of the portion of a Card Transaction that is subject to Dispute, resulting in a credit or debit to the Issuer and debit or credit to the Acquirer or Merchant in the amount subject to the Dispute, depending on the nature of the Dispute. Chargebacks can be initiated by the Issuer because of an Acquirer's or Merchant's failure to provide a complete and timely response to a Ticket Retrieval Request or if the Issuer or Cardholder possessed compelling evidence to support a Chargeback. In addition, Discover may process Chargebacks for failure by the Acquirer or Merchant to comply with the applicable Operating Regulations as set forth in Section 5.2.6, Discover's Chargeback Rights. Where the Issuer has compelling evidence supporting a Chargeback, as set forth in Section 5.2.5, Compelling Evidence for Chargeback Requests, and the applicable Chargeback Reason Code, the Issuer is not required to initiate a Ticket Retrieval Request before initiating the Chargeback. However, the Issuer must initiate a Ticket Retrieval Request as set forth in Section 4: Ticket Retrieval Requests before initiating a Chargeback under this Section 5 if the Issuer does not have compelling evidence supporting the Chargeback.

5.2 Rights and Responsibilities of an Issuer Initiating a Chargeback Request

Each Issuer must use the DNDIS or another previously agreed upon Dispute resolution system to initiate each Chargeback Request.

5.2.1 Timing

An Issuer may initiate a Chargeback during the timeframe specified in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

5.2.2 Requirements for Initiation of a Chargeback Request

Before initiating a Chargeback Request, the Issuer must have experienced a monetary loss that cannot be recovered from the Cardholder arising as a direct result of the reason for the Dispute. If the Issuer has compelling evidence that supports a Dispute of a Card Transaction, Discover will not require the Issuer to first submit a Ticket Retrieval Request before initiating a Chargeback Request for the Card Transaction. Compelling evidence in support of the Chargeback Request must be submitted to Discover within five (5) Business Days of the Issuer's initiation of the Chargeback Request except for the Dispute Reason Codes listed below related to Authorizations where the compelling evidence is present in the electronic Authorization records maintained by Discover. Discover will forward all documentation received from the Issuer to the Acquirer or Merchant with each Chargeback Request. The content of an Acquirer's or Merchant's response to a Ticket Retrieval Request may serve as the compelling evidence necessary to support a Chargeback Request. An Issuer may not initiate a second or subsequent Chargeback Request for the same portion of the same Card Transaction regarding which the Issuer previously initiated a Dispute.

If an Issuer initiates a Chargeback Request using one of the Reason Codes shown in the table below, the Issuer is not required to submit supporting documentation with the Chargeback Request provided that (a) the Authorization records maintained electronically by Discover for the underlying Card Transaction support the Reason Code for the Chargeback Request; and/or (b) the Chargeback Request is supported by



electronic information received by Discover in the Dispute File Format in response to a Ticket Retrieval Request.

Required Data Elements for Chargeback Requests

Reason Code	Dispute Reason	Section
AT	Authorization Noncompliance (No Authorization, Declined Authorization, Expired Card)	Section 5.5.1
IN	Invalid Card Number	Section 5.5.2
LP	Late Presentation	Section 5.5.3

Each Chargeback Request initiated by an Issuer must contain all of the data elements required for initiation of a Ticket Retrieval Request, as set forth in Section 4.2.1, Required Data Elements for Ticket Retrieval Requests. In addition, each Chargeback Request must contain the following information, unless such information is not required in support of the Chargeback Request, as set forth in Section 5.2.2, Requirements for Initiation of a Chargeback Request:

- Copies of any correspondence between the Cardholder and the Merchant documenting the validity of the Chargeback Request; or
- Compelling evidence supporting the Dispute, as required by each Reason Code set forth in Section 5.3.4, Reason Code for Dispute Compliance, Section 5.4.11, 05 -- Good Faith Investigation—Chargeback, and Section 5.6, Reason Code Rules for Fraud Disputes

Upon request by Discover, the Issuer shall also provide Discover with additional documentation or information regarding certain types of Card Transactions, including, without limitation:

- For airline travel, the original ticket if the airline produced a paper ticket, a copy of an original ticket with sufficient proof that the Cardholder did not use the ticket or evidence of the purchase of an electronic ticket (such as the confirmation number)

Note: If an airline, cruise line, tour operator, or Merchant operating in a similar industry ceases to operate, Discover may request a written assignment of rights signed by the Cardholder against the Merchant to Discover. Issuers shall maintain and provide to Discover records of assignments received from Cardholders. A sample assignment form is available from Discover upon request. Each assignment should include the following information:

- Merchant Number
- Truncated Card Number
- Original Transaction Date
- Original Transaction Amount
- Discover Network Dispute Case Number
- Chargeback Amount
- Airline Ticket Number or Ticket Reservation Number
- Travel Departure Date

5.2.2.1 Incomplete Chargeback Requests

If Discover receives a Chargeback Request from an Issuer that is not in the form and format required by these Dispute Rules or the Technical Specifications, Discover will reject the Chargeback Request, and will update the status of and close the Chargeback Request. Discover will not forward rejected Chargeback Requests to the Acquirer or Merchant.

5.2.3 Discover's Handling of Chargeback Requests

Discover will notify the Acquirer or Merchant of a Chargeback Request and will forward the supporting evidence provided by the Issuer to the Acquirer or Merchant. Discover will process a Chargeback at the time it notifies the Acquirer or Merchant of the Issuer's Chargeback Request.

5.2.4 Acquirer's and Merchant's Responses to Chargeback Requests

Upon receipt of a Chargeback Request from Discover, each Acquirer or Merchant is obligated to repay the amount of the resulting Chargeback to Discover. If the Acquirer or Merchant possesses compelling evidence refuting the Chargeback, the Acquirer or Merchant shall provide such evidence to Discover and shall request a Representment as set forth in this Section 5: Chargebacks.

5.2.5 Compelling Evidence for Chargeback Requests

Issuers must use a delivery method approved by Discover to provide compelling evidence to Discover in support of Chargeback Requests. Issuers must provide Discover with compelling evidence supporting the reason for each Chargeback, including evidence identified in each Reason Code supporting a Chargeback Request, within five (5) Business Days of the initiation of the Chargeback Request, except for Dispute Reason Codes related to Authorizations, as set forth in Section 5.2.2, Requirements for Initiation of a Chargeback Request, where the supporting evidence is available in the Authorization records maintained by Discover. If the Issuer does not have compelling evidence supporting a Chargeback, Issuer should initiate a Ticket Retrieval Request as set forth in Section 4: Ticket Retrieval Requests to obtain such evidence and should not initiate a Chargeback Request until such evidence is available. If evidence supporting a Chargeback Request is not received by Discover from the Issuer within the timeframe above or does not support the Reason Code of the Chargeback Request, and if a Chargeback has already been processed to the Acquirer or Merchant, the Acquirer or Merchant may submit a Representment Request regarding the Card Transaction.

5.2.6 Discover's Chargeback Rights

Discover may process a Chargeback of a Card Transaction to an Acquirer or Merchant if Discover determines that the Acquirer or Merchant did not comply with the requirements governing the Card Transaction in the applicable Operating Regulations. Discover will process such Chargebacks using the Reason Code set forth in Section 9: DC—Dispute Compliance.

5.3 Reason Codes

Issuers assign Reason Codes to Disputes based on the nature and reason for the Dispute asserted by a Cardholder or the Issuer, except in the case of the Dispute Compliance (DC) Reason Code set forth in Section 9 which may also be used by Discover when processing a Chargeback for noncompliance by the Acquirer or Merchant with the applicable Operating Regulations. Issuers must use commercially reasonable efforts to assign accurate and descriptive Reason Codes to Disputes. The Reason Code associated with a Dispute describes the information the Cardholder or Issuer must provide to Discover when initiating the Dispute, the information and documentation the Acquirer or Merchant must provide to Discover in responding to a Dispute Notice, the information considered by Discover when resolving the Dispute and the timeframes applicable to each step of the Dispute process.



5.3.1 Reason Codes for Service Disputes

The Reason Codes listed below apply to Disputes regarding services provided in a Card Transaction. Detailed descriptions of each service Dispute Reason Code are set forth in Section 5.4, Reason Code Rules for Service Disputes. Supporting documentation is required for all Reason Codes, unless indicated otherwise.

Reason Codes for Service Disputes

Reason Code	Dispute Reason	Section(s)
AA	Does Not Recognize—Cardholder does not recognize the Card Transaction.	Section 5.4.1
AP	Recurring Payments—Cardholder challenges the validity of Recurring Payments Card Sales after expiration or cancellation of the Recurring Payments Plan agreement.	Section 5.4.2
AW	Altered Amount—Cardholder alleges that the amount of a Card Transaction was altered without the Cardholder’s consent or direction.	Section 5.4.3
CD	Credit/Debit Posted Incorrectly —Cardholder challenges the validity of a Card Transaction because the transaction should have resulted in a Credit rather than a Card Sale or the transaction should have resulted in a Card Sale rather than a Credit.	Section 5.4.4
DP	Duplicate Processing—Cardholder alleges that a single Card Transaction was applied more than once to the Account.	Section 5.4.5
NF	Non-Receipt of Cash from ATM—Cardholder alleges an ATM Cash Disbursement was charged to an Account, but cash was not dispensed by the ATM.	Section 5.4.6
PM	Paid by Other Means—Cardholder claims Account was charged for a Card Sale where the transaction was conducted using another form of payment.	Section 5.4.7
RG	Non-Receipt of Goods, Services, or Cash—Cardholder challenges the validity of a Card Sale due to non-receipt of goods and/or services.	Section 5.4.8
RM	Cardholder Disputes Quality of Goods or Services—Cardholder challenges the validity of a Card Sale because the goods and/or services delivered by the Merchant were not of the quality or condition agreed-upon.	Section 5.4.9
RN2	Credit Not Processed—Cardholder alleges that an expected Credit from the Merchant was not received.	Section 5.4.10
05	Good Faith Investigation—Chargeback Card Sale is charged back because Merchant accepted responsibility in response to Good Faith Investigation Ticket Retrieval Request.	Section 5.4.11

5.3.2 Reason Codes for Processing Error Disputes

The Reason Codes listed below apply only to Chargeback Requests and must be used with respect to Chargeback Request for Processing Errors. These Reason Codes represent processing error related Disputes and may not require the Issuer to submit a Ticket Retrieval Request prior to submitting the Chargeback Request, depending on the Reason Code and evidence available to the Issuer at the time of initiation of the Dispute. An Issuer may utilize documentary evidence available in DNDS as compelling evidence to support the Chargeback Request. Detailed descriptions of each processing error Reason Code are set forth in Section 5.4.11, 05 -- Good Faith Investigation—Chargeback. Supporting documentation is required for all Reason Codes, unless indicated otherwise.

Reason Codes for Processing Error Disputes

Reason Code	Dispute Reason	Section
AT	Authorization Noncompliance—Issuer challenges the validity of a Card Sale because the Merchant did not obtain a valid Authorization Response and the Issuer cannot collect the Card Sale amount from the Cardholder.	Section 5.5.1
IN	Invalid Card Number—Issuer disputes a Card Transaction because the Card Number provided by the Merchant is not valid.	Section 5.5.2
LP	Late Presentation—Cardholder or Issuer disputes a Card Sale because the Acquirer or Merchant submitted Sales Data for the Card Sale later than the number of calendar days permitted for timely Sales Data submission set forth in the Operating Regulations or applicable Agreement for certain industries or MCC and the Card Sale was not for a delayed delivery Card Sale.	Section 5.5.3

5.3.3 Reason Codes for Fraud Disputes

Issuers must use the appropriate Reason Code to initiate a Dispute of a Card Transaction. If the Issuer possesses compelling evidence of fraud in connection with the underlying Card Transaction, the Issuer may initiate a Chargeback Request without prior submission of a Ticket Retrieval Request. If the Issuer does not have compelling evidence to support the Fraud Chargeback, the Issuer must initiate a Ticket Retrieval using the applicable Reason Code as set forth in Section 4: Ticket Retrieval Requests. Detailed descriptions of each UA Dispute Reason Code are set forth in Section 5.6, Reason Code Rules for Fraud Disputes. Supporting documentation is required for all Reason Codes, unless indicated otherwise.

Reason Codes for Fraud Disputes

Sub-Reason Code	Dispute Reason	Reason Code Rule Section
UA01	Fraud – Card Present Transaction	Section 5.6.1
UA02	Fraud – Card Not Present Transaction	Section 5.6.2
UA05	Fraud -- Chip Counterfeit Transaction	Section 5.6.3
UA06	Fraud -- Chip and PIN Transaction	Section 5.6.4

5.3.4 Reason Code for Dispute Compliance

Reason Code	Dispute Reason	Reason Code Rule Section
DC	Dispute Compliance—Discover or Issuer initiates a Chargeback of a Card Transaction because the Acquirer or Merchant did not comply with the applicable Operating Regulations.	9

5.4 Reason Code Rules for Service Disputes

Issuers must use the Reason Codes in this Section Section 5.4 to initiate a Chargeback Request for a Card Transaction that provides for services to the Cardholder. A Dispute may be initiated as a Chargeback Request if the Issuer provides compelling evidence as set forth in Section 5.2.5, Compelling Evidence for Chargeback Requests, and other applicable Reason Code requirements. If the Issuer does not have compelling evidence supporting the reason for the Chargeback, the Issuer must initiate a Ticket Retrieval Request seeking such supporting evidence as set forth in Section 4: Ticket Retrieval Requests unless otherwise indicated in a Reason Code.

In the event of a conflict between the timeframes for initiation of Disputes set forth in this Section 5.4 and the timeframes for the initiation of Disputes set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers of these Dispute Rules, the timeframes in this Section 5.4 shall govern.

5.4.1 AA - Does Not Recognize

The AA Reason Code is valid for a Chargeback Request relating to a claim by the Cardholder that the Account was charged or credited for a Card Transaction (other than an ATM Transaction) that the Cardholder does not recognize.

AA Reason Code Eligibility Rules

The AA Reason Code is valid for a Chargeback Request relating to a Card Transaction that the Cardholder does not recognize where the response by the Acquirer or Merchant to a Ticket Retrieval Request did not resolve the Dispute. The Issuer is not required to initiate a Ticket Retrieval Request before initiating a Chargeback Request with the AA Reason Code subject to Dispute when the Card Sale was conducted at a Customer Activated Terminal (CAT).

For Card Sales whose Sales Data indicate a Discover ProtectBuy Authentication Response of “Authentication Successful” or “Authentication Attempted” (each including a valid CAVV), the AA Reason Code is valid only if the MCC is among the following:

- 4829 -- Money Transfer -- Non-Financial Institution (e.g., wire transfers or money orders purchased at a non-financial institution)
- 5967 -- Direct Marketing Inbound Teleservices
- 6051 -- Quasi Cash Non Financial Institution (e.g., foreign currency, money orders, travelers checks)
- 6540 – Non-Financial Institutions (e.g. stored value card purchase/load)*
- 7801 – Government Licensed On-Line Casinos (e.g. On-Line Gambling)*
- 7802 – Government Licensed Horse/Dog Racing*



- 7995 -- Betting (e.g., sportsbook/fantasy/social gaming when regulated and not covered by other MCCs.

* Effective January 17, 2020, the AA Reason Code is valid for Card Sales whose Sales Data indicates a Discover ProtectBuy Authentication Response of “Authentication Successful” or “Authentication Attempted” (each including a valid CAVV) if the Merchant is operating in MCCs 6540, 7801 and 7802.

The AA Reason Code may not be used under the following circumstances:

- The Cardholder alleges fraud in connection with the Dispute including Disputes assigned a Fraud Reason Code
- Ticket Retrieval Request included a Fraud Analysis Request
- Chip Card Transaction that require PIN entry;
- ATM Transactions
- Failure to obtain a signature at a POS Device that is not a CAT
- A Card Sale using In-App Authentication on a Mobile Payment Device provisioned in a digital wallet where the Authorization Request includes a Consumer Device Card Verification Method as indicated in the Technical Specifications
- An In-App Card Sale using a Mobile Payment Device where the Authorization Request includes a valid authentication Cryptogram as indicated in the Technical Specifications
- Aggregated Transit Transactions in a single Sales Data submission of less than or equal to \$15.00 USD, or Originating Currency, with a Contactless Chip Payment Device by a Merchant in the U.S., Canada, the Caribbean, or Mexico operating in MCC 4111, 4112, and 4131 where the Merchant obtained a positive Authorization Response to an Authorization Request in the amount of \$1.00 USD, or one (1) unit of Originating Currency, and submitted Aggregated Transit Transactions in a single Sales Data file of less than or equal to \$15.00 USD, or Originating Currency, and submitted Sales Data in no more than fourteen (14) days after the date of the Authorization Response, in each case in accordance with the Operating Regulations.

Issuer Initiation Timeframe

Issuers may initiate AA Disputes during the initiation periods set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an AA Reason Code must comply with the requirements in Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request. If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request within the time period set forth in Section 2.1, Response Period—Acquirers and Merchants, where the Cardholder alleges that the Cardholder does not recognize the Card Transaction, an Issuer may use the AA Reason Code to initiate a final and non-appealable Chargeback.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an AA Dispute Notice within the applicable timeframe set forth in Section 2.1. However, if the Issuer uses the AA Reason Code to initiate a Chargeback for failure to respond to a Ticket Retrieval Request within the timeframe indicated in Section 2.1, the Acquirer or Merchant does not have the right to respond to the AA Dispute Notice and such Chargeback is final and non-appealable. Each of the following is an example of compelling evidence that an Acquirer or Merchant may submit to



Discover to support a response to an AA Dispute Notice except AA Dispute Notices for failure to respond to a Ticket Retrieval Request within the applicable timeframe:

- Transaction Documentation or other compelling evidence indicating that the Cardholder agreed to the Card Transaction including a Cash Advance or Cash at Checkout
- Evidence that the Cardholder received the services in the Card Transaction subject to Dispute and the Card Transaction was completed in accordance with the Agreement and Operating Regulations, as applicable
- Evidence that the Cardholder received cash in a Cash Advance or Cash at Checkout transaction in the amount billed to the Account
- Evidence that a Credit was issued to the Account to correct an error, where Credits are permitted by these Dispute Rules and the Operating Regulations
- Transaction Documentation or other compelling evidence, including evidence of an imprint of the Card and/or PIN entry

5.4.2 AP - Recurring Payments

The AP Reason Code is valid for Chargeback Requests relating to Card Sales charged to the Account after the expiration of the Recurring Payments Plan or after the Cardholder cancelled the Recurring Payments Plan.

AP Reason Code Eligibility Rules

The AP Reason Code is valid for Chargeback Requests that involve the same Card Number and the same Discover Merchant Number billed to the Account (a) after the date that the Recurring Payments Plan expired or; (b) the Cardholder cancelled the Recurring Payments Plan or withdrew permission to charge the Card Account as part of a Recurring Payments Plan, provided that the Recurring Payments Plan does not require the Cardholder to pay the amount(s) subject to Dispute. The Dispute amount must be for the full Card Transaction Amount. Additional Recurring Payment Plan installments that are also subject to Dispute must be for the full amount of the installment for the unused portion of the service and the same type of Card Transaction (e.g., Card Sale).

The Cardholder must first attempt to resolve the claim directly with the Merchant. Only after the Issuer confirms that the Cardholder was unsuccessful in resolving the claim directly with the Merchant may the Issuer initiate a Dispute using the AP Reason Code.

If the AP Dispute is initiated as a Chargeback Request, the Issuer must provide compelling evidence to Discover that the Recurring Payments Plan expired or that the Cardholder cancelled the Recurring Payments Plan with the Merchant before a disputed Card Sale was charged to the Account, and that the Recurring Payments Plan did not require the Cardholder to pay the amount(s) subject to Dispute. Compelling evidence of the expiration or cancellation of the Recurring Payments Plan includes the reason, method, cancellation number, or other documentary evidence that the Recurring Payments Plan expired or that the Cardholder cancelled the Recurring Payments Plan with the Merchant.

The Issuer should also submit a copy of the Recurring Payments Plan to Discover to indicate that the Recurring Payments Plan did not require the Cardholder to pay the amount(s) subject to Dispute.

Issuer Initiation Timeframe

Issuers may initiate AP Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers. The cancellation date of the Recurring Payments Plan must have been at least 15



calendar days prior to the date when the most recent disputed Card Sale was charged to the Account. The Issuer must wait 15 calendar days from the date of cancellation by the Cardholder of services before initiating the Dispute.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with AP Reason Code must comply with the requirements in Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an AP Dispute Notice within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an AP Dispute Notice:

- Transaction Documentation or other compelling evidence indicating that the Cardholder authorized each of the Card Sales charged to the Account
- Evidence that the Cardholder did not cancel the Recurring Payments Plan in accordance with the Merchant's policy.
- Evidence that the Cardholder did not cancel the Recurring Payments Plan at least 15 calendar days prior to the posting of the Card Sale(s) subject to Dispute
- Evidence that the cancellation number provided by the Cardholder or Issuer in support of the Dispute is invalid and that the Disputed Card Sale was processed correctly
- Evidence that the Acquirer or Merchant issued Credit(s) to the Account for the amount(s) subject to Dispute
- A term of the Recurring Payments Plan that requires the Cardholder to pay the amount(s) subject to Dispute, notwithstanding the termination or cancellation of the Recurring Payments Plan

5.4.3 AW - Altered Amount

The AW Reason Code is valid for a Chargeback Request relating to a Card Transaction (including an ATM Transaction, or Cash Advance Transaction) when the Cardholder claims that the Card Transaction amount agreed to by the Cardholder was altered without the Cardholder's consent or direction.

Each of the following is an example of when an Issuer may use the AW Reason Code:

- Cardholder agreed to the amount indicated on the Transaction Documentation; however, a different amount was charged to the Account
- Cardholder agreed to a tip amount but the Card Sale charged to the Account included a different tip amount
- Cardholder quoted and agreed to a certain Card Transaction amount, but Account was charged a different amount
- Cardholder was quoted an airline fare, but the Card Account was charged a different or higher fare than originally quoted by the Merchant
- ATM dispensed an amount different from the amount charged to the Account (not including any agreed upon fee or service charge)



- Cardholder approved the amount indicated on the Transaction Documentation for a Cash Advance, Cash at Checkout or an ATM Transaction, if applicable, but different amounts of cash were dispensed and charged to the Account
- Cardholder did not request Cash at Checkout as part of a Card Sale for the purchase of goods and did not receive cash, but Cash at Checkout was charged to the Account

AW Reason Code Eligibility Rules

This Reason Code is valid for altered amount Disputes where the Card Sale amount billed or the Credit granted by a Merchant to the Account is different from the amount agreed upon by the Cardholder. This Reason Code may not be used where the Cardholder objects to restocking or shipping charges, cancellation fees, or currency conversion rates. If the Cardholder provides compelling evidence at the time the Dispute is initiated, the Issuer may initiate the AW Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence at the time the Dispute is initiated, the Issuer must initiate a Ticket Retrieval Request. If the Card Sale amount printed on the Transaction Receipt differs from an amount handwritten on the same Transaction Receipt, the handwritten amount shall be considered the correct amount in the evaluation of the Dispute.

Issuer Initiation Timeframe

Issuers may initiate AW Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an AW Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an AW Dispute Notice within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an AW Dispute Notice:

- Evidence of a Credit or Card Sale in the correct amount issued to the Account to correct the error
- Evidence that the Cardholder is responsible for the amount subject to Dispute
- Evidence that no alteration was made to the Transaction Documentation
- Transaction Documentation or other compelling evidence indicating the Cardholder agreed to the amount printed on the Transaction Documentation in a Cash Advance, Cash at Checkout or ATM Transaction
- Evidence that the Cardholder received cash
- Evidence that a Credit was issued to the Account to correct the error, as permitted by these Dispute Rules and the Operating Regulations

5.4.4 CD - Credit/Debit Posted Incorrectly

The CD Reason Code is valid for a Chargeback Request relating to a claim that the Cardholder was billed for a Card Sale (other than an ATM Transaction) by a Merchant that should have issued a Credit or refund to the Account, or the Credit was issued to the Account that should have appeared as a Card Sale.



The following is an example of where an Issuer may use the CD Reason Code:

- Cardholder returned goods to the Merchant and received a promise of a Credit; however, a Card Sale rather than a Credit appears on the Account-
- Cardholder acknowledges making a Card Sale from the Merchant; however, a Credit rather than a Card Sale appears on the Account

CD Reason Code Eligibility Rules

This Reason Code is valid for Disputes where the Cardholder claims to have been charged for a Card Sale by a Merchant that should have issued a Credit to the Account, or the Cardholder received a Credit to the Account that should appear as a Card Sale. If the Cardholder provides compelling evidence to the Issuer to support the Dispute, the Issuer may initiate the CD Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence to support the Dispute, the Issuer must initiate a Ticket Retrieval Request.

If an Issuer initiates a CD Dispute as a Chargeback Request, in addition to the standard information required for initiation of a Chargeback Request under Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request, the Issuer must obtain from the Cardholder and provide to Discover at the time the Chargeback Request is initiated, all of the following information:

- A description of the goods returned or services refunded
- Date of return or promise of refund
- Return method
- Copy of Credit Slip reflecting a Credit or Transaction Receipt reflecting a Card Sale or other evidence of a Card Sale or Merchant's promise of a Credit, as appropriate
- Credit confirmation number if Card Not Present Card Transaction
- Any correspondence from the Merchant promising a refund or Credit

Issuer Initiation Timeframe

Issuers may initiate CD Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with a CD Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a CD Dispute Notice within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to a CD Dispute Notice:

- Transaction Documentation or other compelling evidence indicating the Cardholder agreed to the Card Transaction
- Transaction Receipt or other record that indicates the Card Transaction was posted correctly



- Evidence that a Credit was issued to the Account to correct the error as permitted by the Operating Regulations

5.4.5 DP - Duplicate Processing

The DP Reason Code is valid for a Chargeback Request related to a claim by a Cardholder that the Card Transaction was processed two or more times (including an ATM Transaction, Credit, or Cash Advance) using the same Card Number at the same Merchant location for the same amount on the same date where the Cardholder did not receive the benefit of more than one Card Transaction.

DP Reason Code Eligibility Rules

Each of the following is an example of when an Issuer may use the DP Reason Code to initiate a Chargeback:

- Multiple Card Transactions were applied to the Account on the same date for the same amount, and at the same Merchant location. For Card Transactions involving Chip Cards, each Card Transaction must include a unique transaction identification number as specified in the Technical Specifications
- The Dispute amount must be for the full amount of the Card Sale

Issuer Initiation Rules

An Issuer initiating a Chargeback in connection with the DP Reason Code must comply with the requirements in Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a DP Dispute Notice within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to a DP Dispute Notice:

- Separate Transaction Documentation or other compelling evidence authorized by the Cardholder for the amount of each Card Transaction applied to the Account
- Evidence that the Merchant or Acquirer issued a Credit(s) to the Account for each duplicate Card Sale, as applicable and permitted by the Operating Regulations
- Evidence that the Merchant or Acquirer submitted a reversal of the Card Transaction(s), as applicable and permitted by the Operating Regulations

5.4.6 NF – Non-Receipt of Cash from an ATM

Issuers may use Reason Code NF where the Account was charged for a Cash Advance at an ATM, but did not receive cash.

The following is an example of when an Issuer may use the NF Reason Code to initiate a Chargeback:

- Cardholder did not receive cash in the amount billed to the Account for a Cash Advance conducted at an ATM, including where the Cardholder properly cancelled the Card Transaction.

NF Reason Code Eligibility Rules

This Reason Code is valid for Chargebacks where the Cardholder claims to have been charged for a Cash Advance at an ATM and the cash was not received by the Cardholder. Only after the Issuer confirms that



the Cardholder was unsuccessful in resolving the claim directly with the Merchant may the Issuer initiate a Dispute using the NF Reason Code. If the Cardholder provides compelling evidence to support the Dispute, the Issuer may initiate the NF Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence at the time the Dispute is initiated, the Issuer must initiate a Ticket Retrieval Request. The amount of an NF Dispute is limited to the amount of cash not received by the Cardholder.

Issuer Initiation Timeframe

Issuers may initiate NF Disputes up to 120 calendar days from the Processing Date.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an NF Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an NF Dispute Notice within the applicable timeframe set forth in Section 2.1. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an NF Dispute Notice:

- Evidence that the Cardholder received cash
- Evidence that the Merchant or Acquirer issued a Credit to the Account to correct the error where Credits are permitted by these Dispute Rules and the Operating Regulations

5.4.7 PM – Paid by Other Means

The PM Reason Code is valid for a Chargeback Request relating to a claim by a Cardholder that the Cardholder was charged for a Card Sale by a Merchant where the transaction was conducted using another form of payment.

The following is an example of when an Issuer may use the PM Reason Code:

- Cardholder paid the Merchant for a purchase of goods or services using another method of payment and amounts should not be billed to the Account for the Card Sale.

PM Reason Code Eligibility Rules

The PM Reason code is valid for Chargebacks where the Cardholder claims that the transaction was conducted using another form of payment. The Cardholder must first attempt to resolve the claim directly with the Merchant. Only after the Issuer confirms that the Cardholder was unsuccessful in resolving the claim directly with the Merchant may the Issuer initiate a Dispute using the PM Reason Code. If the Cardholder provides compelling evidence to support the Dispute, the Issuer may initiate the PM Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence at the time the Dispute is initiated, the Issuer must initiate a Ticket Retrieval Request. The following is an example of compelling evidence to support a PM Dispute Chargeback:

- Evidence that the Cardholder paid the Merchant for a purchase using another method of payment

The Chargeback amount is limited to the amount billed in error to the Account of the unused portion of the service or value of the goods returned by the Cardholder, not to exceed the original amount of the Card Sale.

Issuer Initiation Timeframe

Issuers may initiate PM Disputes during the periods prescribed in Section 1.3.2.



Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with a PM Dispute must comply with the requirements of Section 5.2.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a PM Dispute within the applicable timeframe set forth in Section 2.1. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to a PM Dispute Notice:

- Evidence that the Merchant or Acquirer issued Credit(s) to the Account for the amount(s) subject to Dispute
- Transaction Documentation or other compelling evidence indicating the Cardholder agreed to the Card Transaction

5.4.8 RG - Non-Receipt of Goods, Services, Cash at Checkout, or Cash Advance

Issuers may use the RG Reason Code for a Chargeback Request describing a claim by a Cardholder that the Card Account was billed for a Card Sale, Cash at Checkout, or a Cash Advance (except an ATM Transaction or Debit Card Sale for debt repayment by a Merchant in MCC 6012 and 6051) by a Merchant but never received the goods, services, or cash.

Each of the following is an example of when an Issuer may use the RG Reason Code to initiate a Chargeback:

- Cardholder ordered goods and/or services and never received the requested goods or services and the Card Sale was charged to the Account
- Cardholder did not receive airline ticket and purchased another ticket
- Cardholder did not receive airline ticket and did not travel
- Cardholder advised airline ticket was cancelled, but Account billed
- Airline ceased operation
- Cardholder did not receive cash in the amount billed to the Account for a Cash Advance
- Cardholder did not receive cash in the amount billed to the Account for Cash at Checkout

RG Reason Code Eligibility Rules

This Reason Code is valid for Chargebacks where the Cardholder claims to have been charged for a Card Sale involving the purchase of goods and/or services that were not received by the Cardholder or delivered as promised by the Merchant. Only after the Issuer confirms that the Cardholder was unsuccessful in resolving the claim directly with the Merchant may the Issuer initiate a Dispute using the RG Reason Code. The amount of an RG Dispute is limited to the portion of the Card Sale for goods, services, or cash not received by the Cardholder.

Issuer Initiation Timeframe

Issuers may initiate RG Disputes up to 120 calendar days after the scheduled delivery date agreed upon between the Cardholder and the Merchant, but not more than 540 calendar days from the Processing Date. If a delivery date was not provided or agreed upon, then the Issuer may initiate an RG Dispute from 15 to 120 calendar days from the Processing Date.



Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an RG Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request

Note: With each Dispute under Reason Code RG for a Card Transaction involving an airline that ceased operation, Discover requests that the Issuer submit a valid, legible assignment letter signed by the Cardholder within five (5) Business Days of the Dispute initiation

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an RG Dispute Notice within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an RG Dispute Notice:

- Transaction Documentation or other compelling evidence indicating the Cardholder agreed to the Card Sale
- Evidence that the Merchant delivered the goods and/or services as directed by the Cardholder
- Evidence that the Cardholder used the disputed airline ticket
- Evidence that the lost ticket application submitted by the Cardholder is not valid
- Transaction Documentation or other compelling evidence indicating the Cardholder agreed to the Cash Advance or Cash at Checkout transaction
- Evidence that the Cardholder received cash
- Evidence that the Merchant or Acquirer issued a Credit to the Account to correct the error where Credits are permitted by these Dispute Rules and the Operating Regulations

Additional evidence that an Acquirer or Merchant may submit includes any of the following regarding a Dispute:

- (1) Letters, e-mails, photographs, faxes, or other written correspondence exchanged between the Merchant and the Cardholder
- (2) Receipts, work orders, or other documents signed by the Cardholder, substantiating that the Cardholder received the goods or services
- (3) For “site-to-store” Card Not Present Card Transactions, Merchant may provide the Cardholder’s signature on the pick-up form or copy of Cardholder identification
- (4) Proof of Delivery or evidence that the goods or services were delivered as directed by the Cardholder
- (5) Any of the following for a Card Not Present Card Transaction:
 - Cardholder confirmation of registration to receive electronic delivery of goods or services
 - Cardholder’s e-mail or IP address, date and time of download, description of goods downloaded or log documenting the receipt of downloaded material on or after the Transaction Date.



5.4.9 RM - Cardholder Disputes Quality of Goods or Services

The RM Reason Code is valid for a Chargeback Request relating to a claim by a Cardholder that the Cardholder was charged for a Card Sale (other than an ATM Transaction or Debit Card Sale for debt repayment by a Merchant in MCC 6012 and 6051) by a Merchant where the quality of goods delivered or services rendered by the Merchant did not conform to the agreement of the parties.

Each of the following is an example of when an Issuer may use the RM Reason Code:

- Cardholder claims that the quality of goods or services received from the Merchant were not as expected or advertised
- Cardholder claims that goods received were damaged or defective, and the Cardholder returned the goods to the Merchant
- Cardholder claims that goods or services were not as represented by the Merchant
- Cardholder refused delivery of goods or services because the quality of the goods or services was insufficient, however the Merchant submitted a Card Sale to the Account
- Cardholder claims that the Merchant delivered Counterfeit Merchandise

Note: If the Cardholder received confirmation that the delivery consisted of Counterfeit Merchandise from one of the following entities, the Cardholder is not required to return the goods:

- Intellectual property rights owner (including a website or other public notice)
- Legal or law enforcement agency
- Neutral party or customs agency
- Cardholder claims that the delivery of a Timeshare by a Merchant using MCC 7012 was not as represented in the sales agreement
- Cardholder claims that a currency alteration or substitution occurred in connection with the Card Sale

A currency alteration/substitution arises when the Merchant, International Merchant, Acquirer, or International Acquirer converts currency used to initiate the Card Sale (e.g., hotel room rate quoted in U.S. Dollars) into the local currency (e.g., Euro Dollars), and then submits Sales Data relating to the Card Sale in local currency for processing and conversion to U.S. Dollars by Discover. Only the currency conversion amount that is the subject of the Cardholder's claim may be included in a Dispute under the RM Reason Code. The total Card Sale amount may not be submitted under the RM Reason Code if the Dispute relates to a currency conversion Cardholder claim.

RM Reason Code Eligibility Rules

This Reason Code is valid for Chargebacks where the Cardholder claims that the quality of goods or services received were not as expected or advertised. The Cardholder must first attempt to resolve the claim directly with the Merchant. Only after the Issuer confirms that the Cardholder was unsuccessful in resolving the claim directly with the Merchant may the Issuer initiate a Dispute using the RM Reason Code. If the Cardholder provides compelling evidence to support the Dispute, the Issuer may initiate the RM Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence at the time the Dispute is initiated, the Issuer must initiate a Ticket Retrieval Request. Each of the following is an example of compelling evidence to support an RM Dispute Chargeback:



- Evidence that the Cardholder did not receive the quality of goods or services as expected or advertised
- A cancellation reason, method, number, or evidence that the goods or services were not received or provided as expected or advertised

The Chargeback amount is limited to the amount billed in error to the Account of the unused portion of the service or value of the goods returned by the Cardholder, not to exceed the original amount of the Card Sale.

The RM Reason Code may be used only for Card Sales authorized by a Discover Network Issuer and submitted by a Discover Network Acquirer or a Discover Network Merchant.

The RM Reason Code may not be used:

- If payment for goods or services was made to two different Merchants (e.g., payment to a travel agent and a travel/entertainment merchant) unless there is evidence that the Cardholder was informed that payment would pass between the Merchants.
- When a service provided causes an unexpected problem not directly related to the Disputed Card Sale
- To initiate Disputes for “inconveniences” experienced by the Cardholder in connection with the receipt of the goods or services purchased in a Card Sale. Inconvenience claims arise when the Merchant provides or delivers goods or services purchased in a Card Sale but the Cardholder experiences an incidental or unexpected problem.
- To initiate a Dispute of a Debit Card Sale for debt repayment by a Merchant operating in MCC 6012 and 6051.

The table below provides examples of inconvenience Cardholder claims that may not be initiated as Disputes using the RM Reason Code.

IF the Cardholder...	THEN the Issuer may not initiate a Dispute using the RM Reason Code if the Cardholder...
Traveled from point A to point B	<ul style="list-style-type: none">• Experienced a layover• Expectations were not met• Did not obtain preferred seat assignment• Luggage was lost
Stayed in a hotel room	<ul style="list-style-type: none">• Did not have pillows• Did not have hot water• Had a dirty room
Ate at a restaurant	<ul style="list-style-type: none">• Did not like the food• Got sick after eating• Experienced bad wait staff or service
Moved items from point A to point B	Items were damaged

Issuer Initiation Timeframe

Issuers may initiate RM Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers except that:

- Issuers may initiate RM Disputes alleging Counterfeit Merchandise up to 120 days from the date that the Cardholder receives notice of Counterfeit Merchandise, not to exceed 540 days from the Processing Date.
- Issuers may initiate RM Disputes for misrepresentation of terms of a purchase up to 120 days from the date scheduled for the last delivery of goods or services to the Cardholder, not to exceed 540 days from the Processing Date.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an RM Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

For an allegation of Counterfeit Merchandise, the Issuer must provide the following information with an RM Dispute to demonstrate that the goods were counterfeit: (a) a description of the allegedly counterfeit goods and (b) the current location of the goods.

For an alleged misrepresentation in connection with a Card Sale, the Issuer must provide (a) Transaction Documentation or other compelling evidence that the Merchant's verbal and/or written representations did not match the terms and conditions the Cardholder agreed to honor; and (b) evidence that the Cardholder reported the incident to a consumer protection agency, law enforcement authority, or comparable agency, where applicable.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an RM Dispute Notice within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an RM Dispute Notice:

- Transaction Documentation or other compelling evidence indicating that the Cardholder approved the quality of goods or services
- Evidence that the Merchant or Acquirer issued Credit(s) to the Account for the amount(s) subject to Dispute
- Evidence that the Cardholder signed a work order to indicate that the Merchant completed a correction of the quality of goods or services
- Documentation that the Cardholder rejected an attempt by the Merchant to correct the quality of goods or services
- Documentation that the Cardholder never cancelled or rejected the goods or services and has possession of goods or services
- Evidence that Cardholder claim was satisfactorily resolved directly with the Merchant
- Evidence that the quality of goods and services provided complied with the Merchant's established policy
- Evidence that the Dispute was initiated due to a Cardholder inconvenience claim, as described above



- Evidence that the Merchant, International Merchant, Acquirer, or International Acquirer did not conduct a currency alteration/substitution in connection with the Card Sale
- Evidence that the Merchant accepted a voucher for payment towards goods or services (e.g., a rental contract showing that the voucher was accepted by the Merchant)
- Evidence that the goods were not Counterfeit Merchandise
- Evidence disclosing the terms agreed upon with the Cardholder refuting the allegation of misrepresentation and that goods or services were rendered as described in the terms agreed to by the Cardholder

Additional evidence that an Acquirer or Merchant may submit includes any of the following regarding a Dispute:

- (1) Letters, e-mails, photographs, faxes, or other written correspondence exchanged between the Merchant and the Cardholder
- (2) Receipts, work orders, or other documents signed by the Cardholder, substantiating that the Cardholder received the goods or services
- (3) For “site-to-store” Card Not Present Card Transactions, Merchant may provide the Cardholder’s signature on the pick-up form or copy of Cardholder identification
- (4) Proof of Delivery or evidence that the goods or services were delivered as directed by the Cardholder
- (5) Any of the following for a Card Not Present Card Transaction:
 - Cardholder confirmation of registration to receive electronic delivery of goods or services
 - Cardholder’s e-mail or IP address, date and time of download, description of goods downloaded or log documenting the receipt of downloaded material on or after the Transaction Date.

5.4.10 RN2 - Credit Not Processed

The RN2 Reason Code is valid for a Chargeback Request relating to a Cardholder claim that a full or partial Credit promised by the Merchant was not credited to the Account.

The following are examples of when an Issuer may use the RN2 Reason Code:

- Cardholder refused delivery of goods or services and has not received a Credit from the Merchant
- Cardholder returned the goods or cancelled the services and received a promise of a Credit but a Credit was not applied to the Card Account
- Cardholder received a Transaction Receipt for a Credit, but a corresponding amount was not posted to the Account
- Cardholder cancelled a Card Sale with a Timeshare seller as set forth in the Operating Regulations but a Credit was not posted to the Account
- Cardholder cancelled an advance deposit Card Sale, but a Credit was not posted to the Account



RN2 Reason Code Eligibility Rules

This Reason Code is valid for Chargebacks where the Cardholder claims that a promised Credit has not been received. If the Cardholder provides compelling evidence to support the Dispute, the Issuer may initiate the RN2 Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence to support the Dispute, the Issuer must initiate a Ticket Retrieval Request.

If an Issuer initiates an RN2 Dispute as a Chargeback Request, in addition to the standard information required for initiation of a Chargeback Request under Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request, the Issuer must provide to Discover at the time the Chargeback Request is initiated, all of the following information:

- Description of the goods returned or services refused
- Date of return or refusal
- Return method
- Copy of Transaction Documentation showing that a Credit is due
- Cancellation number, if applicable
- Credit confirmation number if the Credit was made in a Card Not Present Card Transaction
- Any correspondence from the Merchant promising a refund or Credit to the Cardholder

For Disputes where the Account was billed for a reservation of goods or services after the Cardholder cancelled the reservation and did not use the goods or services, the Issuer must obtain the following information from the Cardholder at the time the Chargeback is initiated:

- Cancellation method
- Date of cancellation
- Name of Merchant agent that processed the cancellation
- A copy of the reservation agreement reflecting the Merchant's cancellation policy

If merchandise was shipped prior to cancellation, the Cardholder must return any merchandise, if received.

The Issuer may not initiate a RN2 Chargeback Request when the Issuer provided a declined Authorization Response to the Merchant's Authorization Request for Credit for a return.

Issuer Initiation Timeframe

Issuers may initiate RN2 Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

For Card Transactions involving Merchants in the direct marketing, food services, fast food, cruise line, transportation, lodging, and vehicle rental industries. Issuers may initiate RN2 Disputes up to 120 calendar days from the scheduled event date, but not more than 540 calendar days from the Processing Date. If the scheduled event date is not available to the Issuer, then the Issuer may initiate a RN2 Dispute up to 120 calendar days from the Processing Date. The Issuer must wait ~~15~~10 calendar days from either: (i) the date of cancellation by the Cardholder of services or (ii) a reservation or the date goods were returned, as applicable, before initiating an RN2 Dispute.



The initiation period begins on one of the following dates, as applicable: (a) the Processing Date; (b) the date of the Credit Transaction Receipt; (c) the date of the return; (d) the date of the cancellation; or (e) the date of the reservation. RN2 Disputes may not be initiated more than 540 days from the dates indicated.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an RN2 Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request. The Issuer must wait 15 calendar days from either the date of cancellation by the Cardholder of services or a reservation or the date goods were returned, as applicable, before initiating an RN2 Dispute.

An Issuer may initiate an RN2 Dispute for an amount limited to the unused portion of a reservation, returned goods, or cancelled services, as applicable. An RN2 Chargeback may be initiated if the Merchant refuses to accept returned goods.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an RN2 Dispute Notice within the applicable timeframe set forth in Section 2.1. Each of the following is an example of the compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an RN2 Dispute Notice:

- Transaction Documentation or other compelling evidence indicating that the Cardholder authorized the Card Transaction
- Evidence that the Cardholder received the goods or services and a Card Sale was completed correctly
- Evidence that a Credit was made to the Account in the amount subject to Dispute
- Evidence that a Credit is not due because the Cardholder did not return the goods to the Merchant
- Evidence that an in-store credit was issued in accordance with the Merchant's established policy
- Transaction Documentation or other compelling evidence indicating the Cardholder agreed to the Cash Advance or Cash at Checkout transaction
- Evidence that the Cardholder received cash
- Evidence that a Credit was issued to the Account to correct the error, where Credits are permitted by these Dispute Rules and the Operating Regulations
- Evidence that the Cardholder did not cancel the reservation in accordance with the Merchant's published policies
- Evidence that the cancellation number provided by the Cardholder in support of the Dispute is invalid and the Card Sale was processed correctly

For a Dispute of a Card Transaction involving shipping or delivery obligations by the Merchant:

- Merchant is responsible for goods held in its own country's customs agency

5.4.11 05 -- Good Faith Investigation—Chargeback

Chargeback Reason Code 05 is assigned by Discover to a Good Faith Investigation if the Acquirer or Merchant accepts responsibility for the Card Transaction subject to Dispute, as described in Section 4.5.4, Reason Code 05 - Good Faith Investigation.

Acquirer or Merchant Response Rules

The Acquirer or Merchant may submit evidence to Discover that the Cardholder received duplicate Credits if the Merchant has applied a Credit to the Card Account in response to a Good Faith Inquiry and a Chargeback was also processed because the Acquirer or Merchant accepted responsibility for the Card Transaction. In all other cases, this Chargeback is final and not able to be appealed.

5.5 Reason Code Rules for Processing Error Disputes

The following Reason Codes apply to processing error Disputes. These Disputes may only be initiated as Chargeback Requests and must be accompanied by compelling evidence delivered by the Issuer to Discover in accordance with Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request and the applicable Reason Code requirements, except for Reason Codes related to Authorizations where the evidence is in the form of an electronic record maintained by Discover, as set forth in Section 5.2.

In the event of a conflict between the timeframes for initiation of Chargeback Requests set forth in this Section 5.5 and the timeframes for the initiation of Disputes set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers, of these Dispute Rules, the timeframes in this Section 5.5 shall govern.

5.5.1 AT - Authorization Noncompliance

The AT Reason Code may be used by an Issuer to initiate a Chargeback Request when a Card Transaction (other than an ATM Transaction) was not completed in accordance with the Authorization requirements in the Agreement and Operating Regulations, as applicable, including failure to obtain a positive Authorization Response (e.g., no Authorization, declined Authorization) and providing an Authorization Response after the expiration date on the Card.

AT Reason Code Eligibility Rules

Each of the following is an example of when an Issuer may use the AT Reason Code:

- Merchant/Acquirer used Downtime Authorization Services to provide a positive Authorization Response for a Card Transaction as set forth in the Operating Regulations; however, the Card Number was listed on the Negative File and the Merchant/Acquirer did not obtain a positive Authorization Response from the Issuer, Discover, or Chip Card
- Authorization Request was declined but a Card Sale was charged to the Account, including where DCVV Data was not submitted with the Track Data in the Authorization Request for a Card Sale involving a Contactless Payment Device
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and the Issuer responded to an Authorization Request with a declined or negative Authorization Response
- Merchant/Acquirer did not obtain a positive Authorization Response on a Credit Transaction for a return, except in cases where Merchant operates in a MCC assigned to an airline as set forth in the Operating Regulations and Technical Specifications.
- Issuer cannot collect the Card Sale amount from the Cardholder at the time the Sales Data is presented to the Issuer for Settlement and challenges the validity of a Card Sale involving an unembossed Prepaid Non-Reloadable Card for any of the following reasons (i) the Merchant did not obtain a positive Authorization Response for a Card Present Card Sale using electronic means by swiping the Card into a POS Device, but instead, “key entered” or “force entered” Card information into the POS Device; or (ii) the Acquirer or Merchant used Downtime Authorization Services to obtain a positive Authorization Response for such a Card Sale



- Card Sale completed after the expiration date on the Card and the Issuer cannot collect the amount of the Card Sale from the Account for any reason
- Card Sale billed to a closed, terminated, inactive, or delinquent Account as indicated by a declined Authorization Response
- Cardholder does not recognize the Card Sale, requested a copy of Transaction Documentation in a Ticket Retrieval Request, and the Transaction Documentation provided by the Acquirer or Merchant does not include an Authorization Code reflecting a positive Authorization Response and does not resolve the Dispute
- An Authorization Response was not obtained by the Acquirer or Merchant using procedures specified in the Agreement or Operating Regulations, as applicable, for the amount of the Card Sale as represented by Sales Data
- The amount of the Card Sale as represented by Sales Data exceeds the amount of the positive Authorization Response received by the Acquirer or Merchant subject to any applicable Tolerance Levels, including a Partial Authorization Response, and in either case, the Issuer cannot collect the amount subject to Dispute from the Cardholder
- For a Card Sale at an Automated Fuel Dispenser (AFD) operated by a Merchant in MCC 5542, the amount of the Card as represented in Sales Data submitted for Settlement exceeds (i) the amount of the Card Sale as represented by the amount of the Authorization Advice Message; or (ii) \$100.00 U.S. Dollars, in each case, if the Issuer provided a positive Authorization Response for \$1.00 U.S. Dollars or one (1) unit of Originating Currency other than U.S. Dollars for Card Sales in an Authorized Jurisdiction other than the U.S. and no Authorization Advice Message was submitted by the Merchant or Acquirer
- An Aggregated Transit Transaction with a Contactless Chip Payment Device by a Merchant in MCC 4111, 4112, and 4131 operating in the U.S., Canada, Mexico, or the Caribbean where (i) the Merchant failed to obtain a positive Authorization Response; or (ii) the Merchant failed to obtain a positive Authorization Response for the total amount of the Aggregated Transit Transaction represented in the Sales Data that exceeds \$15.00 USD, or Originating Currency, regardless of whether the Merchant received a positive Authorization Response to an Authorization Request in the amount of \$1.00 USD, or one (1) unit of Originating Currency.

The amount of a Chargeback Request with Reason Code AT is limited to the amount by which the Card Transaction as represented in Sales Data differs from the amount indicated in a positive Authorization Response for the Card Transaction by more than a Tolerance Level, which is calculated by multiplying the percentage applicable to the industry in which the Merchant operated by the amount of the Card Transaction:

- (a) For Merchants operating in MCCs 4121, 5812, 5813, 5814, 7230, 7298 – 20%
- (b) Hotel/Motel – 15%
- (c) Car Rental – 15%
- (d) Mail Order/Telephone Order – 15%

A Chargeback Request may not be initiated with Reason Code AT for Card Sales at AFDs if the Issuer provided a positive Authorization Response in the amount of \$1.00 U.S. Dollars or one (1) unit of Originating Currency other than U.S. Dollars for Card Sales in an Authorized Jurisdiction other than the U.S. and the amount of the Card Sale as represented in Sales Data is (a) equal to the amount of the

corresponding Authorization Advice Message, if applicable, or (b) less than or equal to \$100.00 U.S. Dollars if an Authorization Advice Message is not applicable.

Issuer Initiation Timeframe

Issuers may initiate AT Disputes during the periods set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an AT Dispute must comply with the requirements in Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request.

Issuers may initiate a Chargeback with Reason Code AT for a Chip Card Transaction when Chip Fallback Procedures were used by the Merchant to obtain a positive Authorization Response, and the Authorization Request does not indicate use of Chip Fallback Procedures as specified in the Technical Specifications. Issuers may initiate a Chargeback with a Reason Code AT for a Chip Card Transaction where the Merchant used Offline Authorization Procedures to obtain an Authorization Response for a Chip Card Transaction more than \$300.00 or for any Chip Card Transaction by a Merchant operating in an MCC designated in the table below as ineligible to use Offline Authorization Procedures.

MCCs Ineligible to Use Offline Authorization Procedures for Chip Card Transactions

MCC	MCC Name
4829	Money Transfer—Merchant
6010	Member Financial Institution—Manual Cash Disbursements
6011	Member Financial Institution—Automated Cash Disbursements
6012	Member Financial Institution—Merchandise & Services
6050	Quasi Cash—Member Financial Institution
6051	Quasi Cash—Non-Financial Institution
6211	Security Brokers/Dealers
6300	Insurance Sales/Underwriting/Premiums
6513	Real Estate Agents and Managers—Rental
6531	Payment Service Provider—Money Transfer for a Purchase
6532	Payment Service Provider—Member Financial Institution-Payment Transaction
6533	Payment Service Provider—Merchant-Payment Transaction
6534	Money Transfer—Member Financial Institution

Issuers may not initiate AT Disputes on Chip Card Transactions where Offline Authorization procedures were used to obtain a positive Authorization Response.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an AT Chargeback Request within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. The following are examples of



compelling evidence that an Acquirer or Merchant may submit to Discover to support a response to a Chargeback Request of a Card Sale or Cash Advance (other than an ATM Transaction or Cash at Checkout) with Reason Code AT:

- Evidence of a positive Authorization Response from the Issuer for the underlying Card Sale or Cash Advance (other than an ATM Transaction or Cash at Checkout) which can be validated in the Issuer's records, where the amount of the Card Sale or Cash Advance in the Sales Data matches the dollar amount indicated in the positive Authorization Response
- Evidence that the Card Sale occurred prior to the expiration date of the Card
- Evidence that a positive Authorization Response was obtained using Offline Authorization procedures for a Chip Card Transaction of \$300.00 or less or that the Merchant was not operating in a MCC listed above as ineligible to use Offline Authorization procedures to obtain an Authorization Response for a Chip Card Transaction or that Authorization procedures other than Offline Authorization procedures were used to obtain a positive Authorization Response for a Chip Card Transaction
- Evidence that the Acquirer or Merchant complied with the applicable terms of the Operating Regulations with respect to the Card Sale subject to Dispute, including obtaining a positive Authorization Response

Effective April 17, 2020, an Acquirer or Merchant may also respond to a Chargeback of a Credit by providing evidence of a positive Authorization Response from the Issuer for Credit which can be validated by the Issuer, where the amount of the Credit as indicated in Sale Data matches the dollar amount indicated in the positive Authorization Response.

5.5.2 IN - Invalid Card Number

The IN Reason Code may be used by an Issuer for a Chargeback Request relating to a Card Transaction when the Card Number submitted by the Merchant is not assigned to the Cardholder.

The following is an example of when it is appropriate to use the IN Reason Code:

- Card Number submitted in the Card Transaction is not assigned to any valid Cardholder

Issuer Initiation Timeframe

Issuers may initiate IN Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

Issuer initiating a Chargeback Request in connection with an IN Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request, and the applicable terms of the Operating Regulations.

Issuers may not initiate a Chargeback in connection with an IN Reason Code with respect to a Chip Card Transaction where Offline Authorization procedures were used to obtain a positive Authorization Response.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an IN Chargeback Request within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants.



The following are examples of compelling evidence that an Acquirer or Merchant may submit to Discover to support a response to an IN Chargeback Request:

- Transaction Documentation or other compelling evidence showing (i) that the Card Number is accurate and was not listed on the Negative File at the time that the Acquirer or Merchant used Downtime Authorization Services to obtain an Authorization Response for the Card Transaction; (ii) the receipt of a positive Authorization Response;
- Evidence that the Card Sale involved a Chip Card and the Acquirer or Merchant obtained a positive Authorization Response including through the use of offline (if applicable) procedures.

The Acquirer or Merchant may resubmit the Card Transaction on the correct Card Number upon resolution of the Dispute.

5.5.3 LP -- Late Presentation

The LP Reason Code may be used by Issuers for a Chargeback Request relating to a Card Sale (other than an ATM Transaction) when the date of the Issuer's receipt of Sales Data is more than the applicable number of calendar days after the date of the Card Sale permitted for the industry or MCC of the Card Sale. Sales Data must be submitted no later than 30 days after the Card Sales in the lodging industry, car rental industry, airline and passenger railway industries, and other travel MCCs, including passenger transport, or for Card Sales that occur in a country that differs from the country in which the Card was issued. Sales Data must be submitted no later than 10 calendar days after the Card Sale for Card Sales in all other industries or MCCs.

Each of the following is an example of when an Issuer may use the LP Reason Code:

- Issuer received Sales Data from the Acquirer or Merchant applicable number of calendar days after the Card Sale date
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and the Sales Data related to the Card Sale was submitted by the Acquirer or Merchant more than the applicable number of calendar days after the Acquirer or Merchant submitted the related Authorization Request to the Issuer
- A delayed delivery Card Sale billed to an Account after the Cardholder cancelled the delayed delivery Card Sale
- An Aggregated Transit Transaction with a Contactless Payment Device by a Merchant in MCC 4111, 4112, and 4131 operating in the U.S., Canada, Mexico, or the Caribbean where the Merchant submitted a single Sales Data file for Aggregated Transit Transactions in more than fourteen (14) calendar days after the date of the positive Authorization Response.

Issuer Initiation Timeframe

Issuers may initiate LP Disputes during the periods prescribed in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an LP Dispute must comply with the requirements of Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request. In support of the LP Chargeback Request, the Issuer must be unable to collect the amount of the Chargeback from the Cardholder.



Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an LP Chargeback Request within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover to support a response to an LP Chargeback Request:

- Evidence that the Acquirer or Merchant complied with delayed delivery requirements and obtained a valid Authorization Response within the applicable number of calendar days of the ship date, expected delivery date or processing attempt
- Evidence, such as a signed work order, that the Cardholder approved the submission by the Acquirer or Merchant of Sales Data for posting to the Account more than the applicable number of calendar days after the Card Sale date
- Evidence that the Merchant completed a custom order for the Cardholder, obtained a valid Authorization Response at the time of order, and submitted the Sales Data as the final payment by the Cardholder once the custom order was completed, as indicated in a work order or other agreement signed by the Cardholder

5.6 Reason Code Rules for Fraud Disputes

The UA Reason Codes apply to Card Transactions (other than ATM Transactions) where neither the Cardholder nor any Authorized User participated in or benefited from the Card Transaction, and the Cardholder disputes the Card Transaction as fraud. UA Disputes may be initiated as Ticket Retrieval Requests or Chargeback Requests, depending on the supporting evidence available to the Cardholder or the Issuer at the time the Dispute is initiated. A UA Dispute may be initiated by an Issuer as a Chargeback Request if the Issuer can provide compelling evidence that the Card Transaction was a result of fraud and provide details of the alleged unauthorized use underlying the Dispute in accordance with Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request and the applicable UA Reason Code requirements, except for Dispute Reason Codes related to Authorizations where the evidence is in the form of an electronic record. If the Issuer does not possess compelling evidence supporting the applicable UA Reason Code, the Issuer must initiate a Ticket Retrieval Request.

Only an Issuer's security personnel may use the UA Reason Code and only after the Issuer has both reported the fraud activity to Discover in accordance with the applicable Operating Regulations and initiated a fraud investigation on behalf of the Cardholder. The Issuer must also "hot card," block, or "status" the Card and Account to prevent any additional activity upon receipt of notice from the Cardholder of alleged fraudulent activity.

In the event of a conflict between the timeframes for initiation of Disputes set forth in Section 1.3.2 and the timeframes for the initiation of Disputes set forth in this Section 5.6, Reason Code Rules for Fraud Disputes of these Dispute Rules, the timeframes in this Section 5.6 shall govern.

5.6.1 UA01 - Fraud - Card Present Transaction

The UA01 Reason Code is valid for a Chargeback Request relating to a Cardholder's claim of fraud in connection with a Card Present Card Sale.

UA01 Reason Code Eligibility Rules

The Issuer is not required to initiate a Ticket Retrieval Request before initiating a Chargeback Request with the UA01 Reason Code if the Cardholder alleges that the Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) is fraudulent or if the Card Sale, Cash at Checkout, or Cash



Advance (except an ATM Transaction) subject to Dispute is a Keyed Card Transaction, or was conducted at a Customer Activated Terminal (CAT). The UA01 Reason Code may be assigned by an Issuer to a Chargeback Request initiated where the Cardholder alleges fraud or the Transaction Documentation provided by the Acquirer or Merchant in response to a Ticket Retrieval Request with respect to the Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) subject to Dispute indicates that either (a) the Card information was manually entered (i.e., key entered) into the POS Device; or (b) the Card Sale was conducted at a CAT.

If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request within the time period set forth in Section 2.1, Response Period—Acquirers and Merchants, where the Cardholder alleges fraud, an Issuer may use UA01 Reason Code to initiate a final and non-appealable Chargeback.

The Issuers, Issuer Processors, Acquirers, and Acquirer Processors must comply with the applicable provisions of the Operating Regulations in regard to Fraud risk mitigation and Transactions that allege Fraud.

Each of the following is an example of when the UA01 Reason Code may be assigned to a Dispute:

- Cardholder did not approve or participate in a Card Present Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction)
- The Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) did not take place at a Chip Card Terminal and/or Chip Fallback procedures were not used to complete the Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction)
- Cardholder disputes a Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) as fraud and submitted Transaction Documentation that is provided by the Acquirer or Merchant in response to a Ticket Retrieval Request
- Cardholder disputes a Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) as fraud and the Transaction Documentation provided by the Acquirer or Merchant in response to a Ticket Retrieval Request with respect to such Card Transaction is illegible
- Cardholder disputes a Keyed Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) as fraud,
- Cardholder disputes the Card Sale, Cash at Checkout, or Cash Advance (except an ATM Transaction) conducted at a Customer Activated Terminal (CAT) as fraud

The Issuer may not initiate a UA01 Chargeback Requests for:

- Card Not Present Card Transactions
- ATM Transactions
- For Chip Card transactions processed in accordance with these Operating Regulations and the Technical Specifications
- Aggregated Transit Transaction with a Contactless Chip Payment Device by a Merchant in MCC 4111, 4112, and 4131 operating in the U.S., Canada, Mexico, or the Caribbean.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA01 Chargeback Request within the applicable timeframes set forth in Section 2.1, Response Period—Acquirers and Merchants. However, if the Issuer uses the UA01



Reason Code to initiate a Chargeback for failure to respond to a Ticket Retrieval Request within the timeframe indicated in Section 2.1, the Acquirer or Merchant does not have the right to respond to the Chargeback Request and such Chargeback is final and non-appealable. The following are examples of compelling evidence an Acquirer or Merchant may submit to Discover in support of a response to a UA01 Dispute Notice except UA01 Chargeback Requests for failure to respond to a Ticket Retrieval Request within the applicable timeframe:

- A valid, legible Transaction Receipt
- Evidence that the Cardholder was present at the time of the Card Transaction or otherwise participated in or approved the Card Transaction
- A Keyed Card Transaction is not Quasi-cash, Cash at Checkout, or a Cash Disbursement
- The Card Transaction included required data and the Chip Card Terminal was compliant with requirements as set forth in the Technical Specifications
- A valid, legible Transaction Receipt that displays a complete, legible imprint of all security features required to be embossed on the Card
- A valid, legible Transaction Receipt for a Keyed Card Transaction
- The Merchant submitted CID with Authorization Request and the Issuer sent a positive Authorization Response, but CID was mismatched, or the Issuer did not verify the CID

Additional evidence that an Acquirer or Merchant may submit includes any of the following regarding a Dispute:

- (1) Letters, e-mails, photographs, faxes, or other written correspondence exchanged between the Merchant and the Cardholder
- (2) Receipts, work orders, or other documents signed by the Cardholder, substantiating that the Cardholder received the goods or services
- (3) For “site-to-store” Card Not Present Card Transactions, Merchant may provide the Cardholder’s signature on the pick-up form or copy of Cardholder identification
- (4) Proof of Delivery or evidence that the goods or services were delivered as directed by the Cardholder

5.6.2 UA02 - Fraud - Card Not Present Transaction

The UA02 Reason Code is valid for a Chargeback Request relating to a Cardholder’s claim that the Cardholder did not approve or participate in a Card Not Present Card Sale.

UA02 Reason Code Eligibility Rules

The UA02 Reason Code may be used by an Issuer to initiate a Chargeback Request when the Cardholder disputes the validity of a Card Not Present Card Transaction due to fraud ~~and the response by the Acquirer or Merchant to a Ticket Retrieval Request for the Card Transaction subject to Dispute did not include valid Proof of Delivery~~. If an Acquirer or Merchant does not provide documentation in response to a Ticket Retrieval Request, an Issuer may initiate a final and non-appealable Chargeback as set forth in Section 5.6.1, UA01 - Fraud - Card Present Transaction, or Section 5.6.2, UA02 - Fraud - Card Not Present Transaction, as applicable.

The UA02 Reason Code may also be used by an Issuer to initiate a Chargeback Request in the event that Issuer security personnel determine, following the completion of a fraud investigation, that the Acquirer or



Merchant did not verify the numeric portion of the Cardholder's billing address and ZIP code using the Address Verification Service and/or did not include the CID in the Authorization Request.

Card Not Present Card Sales conducted in Canada are not subject to Dispute for a Merchant's failure to obtain Address Verification through the Address Verification Service (AVS).

For Card Sales whose Sales Data indicate a Discover ProtectBuy Authentication Response of "Authentication Successful" or "Authentication Attempted" (each including a valid CAVV), the AA Reason Code is valid only if the MCC is among the following:

- 4829 -- Money Transfer -- Non-Financial Institution (e.g., wire transfers or money orders purchased at a non-financial institution)
- 5967 -- Direct Marketing Inbound Teleservices
- 6051 -- Quasi Cash Non Financial Institution (e.g., foreign currency, money orders, travelers checks)
- 6540 -- Non-Financial Institutions (e.g. stored value card purchase/load)*
- 7801 -- Government Licensed On-Line Casinos (e.g. On-Line Gambling)*
- 7802 -- Government Licensed Horse/Dog Racing*
- 7995 -- Betting (e.g., sportsbook/fantasy/social gaming when regulated and not covered by other MCCs.

* Effective January 17, 2020, the UA02 Reason Code is valid for Card Sales whose Sales Data indicates a Discover ProtectBuy Authentication Response of "Authentication Successful" or "Authentication Attempted" (each including a valid CAVV) if the Merchant is operating in MCCs 6540, 7801 and 7802.

Each of the following is an example of when the UA02 Reason Code may be assigned to a Dispute:

- The response by an Acquirer or Merchant ~~to a Ticket Retrieval Request for the Card Transaction subject to Dispute~~ did not include valid Proof of Delivery of the goods or services subject to Dispute
- The Issuer determines that the Merchant did not verify the numeric portion of the Cardholder's billing address and ZIP code using AVS for a Card Present Card Sale or a Card Not Present Card Sale with a Card issued in the U.S. where the Card Transaction was conducted in the U.S.

The UA02 Reason Code is not valid:

- For a Dispute involving a Card Not Present Card Sale with a Card issued in the U.S. by a Merchant in the U.S. where goods were delivered or services were provided and the Issuer did not support AVS on the Transaction Date
- For a Dispute involving a Card Not Present Card Sale with a Card issued in the U.S. for a U.S. domestic airline ticket in which (a) the AVS response was a full match and tickets were delivered to the Cardholder address on the Issuer file; or (b) the Issuer did not support AVS on the Transaction Date and the tickets were delivered
- For an In-App Card Sale using a Mobile Payment Device where the Authorization Request includes a valid authentication Cryptogram.
- Transactions conducted at a Chip Card Terminal



- The Merchant/Acquirer submitted CID in the Authorization Request, the Issuer provided a positive Authorization Response, however the Issuer did not verify the CID or the CID was a mismatch
- A positive Authorization Response was received by a Mobile Payment Device using In-App Authentication or Cryptogram validation in which the Cardholder alleges fraud that includes a valid authentication Cryptogram. Fraud liability is shifted to the Issuer if the in such cases.

Note: Issuers may use Reason Code UA02 to initiate Disputes for Card Sales, including Recurring Payments or partial shipments, that were not conducted using In-App Authentication or do not include Cryptogram validation.

Acquirers or Merchants may respond to a UA02 Dispute Notice within the applicable timeframes set forth in Section 2.1, Response Period—Acquirers and Merchants. However, if the Issuer uses the UA02 Reason Code to initiate a Chargeback for failure to respond to a Ticket Retrieval Request within the timeframe indicated in Section 2.1, the Acquirer or Merchant does not have the right to respond to the Chargeback Request and such Chargeback is final and non-appealable. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover in support of a response to a UA02 Dispute Notice except UA02 Chargeback Requests for failure to respond to a Ticket Retrieval Request within the applicable timeframe:

- Valid Proof of Delivery
- Evidence the Merchant/Acquirer submitted CID in the Authorization Request, the Issuer provided a positive Authorization Response, however the Issuer did not verify the CID or the CID was a mismatch.
- Evidence that the Acquirer or Merchant used the Address Verification Service to validate the numeric portion of the Cardholder's billing address including street address and ZIP code, or the response to an Address Verification request indicating that the Cardholder's address is not verified because the Card is issued outside of the United States
- Valid, legible Transaction Documentation that includes a valid Authorization Code and lists the quantity and brief description of the goods or services purchased as required by Section 3: Transaction Documentation Requirements.

Additional evidence that an Acquirer or Merchant may submit includes any of the following regarding a Dispute:

- (1) Letters, e-mails, photographs, faxes, or other written correspondence exchanged between the Merchant and the Cardholder
- (2) Receipts, work orders, or other documents signed by the Cardholder, substantiating that the Cardholder received the goods or services
- (3) For "site-to-store" Card Not Present Card Transactions, Merchant may provide the Cardholder's signature on the pick-up form or copy of Cardholder identification
- (4) Proof of Delivery or evidence that the goods or services were delivered as directed by the Cardholder
- (5) Any of the following for a Card Not Present Card Transaction:
 - Cardholder confirmation of registration to receive electronic delivery of goods or services



- Cardholder's e-mail or IP address, date and time of download, description of goods downloaded or log documenting the receipt of downloaded material on or after the Transaction Date.

5.6.3 UA05 - Fraud - Chip Card Counterfeit Transaction

The UA05 Reason Code is valid for a Chargeback Request on a Card Sale or Cash Advance involving a Card Account on which a Contact Chip Payment Device was issued and the Cardholder alleges that a Counterfeit Card was used to conduct a Card Sale or Cash Advance.

UA05 Reason Code Eligibility Rules

The UA05 Reason Code may be used by an Issuer to initiate a Chargeback when a Card, issued as a Contact Chip Payment Device, was not used at a POS Device enabled for Chip Card Transactions with EMV technology. Supporting documentation is not required to initiate a Chargeback utilizing UA05. A Ticket Retrieval Request is not required for Reason Code UA05, but the Issuer may initiate a Ticket Retrieval Request first, then convert it to a Reason Code UA05 Chargeback.

The Issuer must comply with the applicable provisions of the Operating Regulations in regard to fraud.

Each of the following is an example of when the UA05 Reason Code may be assigned to a Dispute:

- The Card Transaction was completed with a Counterfeit Card
- The Card Transaction was a Card Present Card Transaction
- The Cardholder did not approve or participate in the Card Transaction
- A Contact Chip Payment Device was issued on the Card Account but not used to conduct the Card Transaction
- A Contact Chip Payment Device was issued on the Card Account but not used to conduct the Card Transaction at an ATM

The UA05 Reason Code is not valid if any of the following conditions are present:

- The POS Device was enabled to support Chip Card Transactions with EMV technology in accordance with the Program Documents
- Magnetic stripe data was transmitted for the Card Transaction in accordance with the Program Documents and the Card Transaction was identified as Fallback in the Authorization Request
- The Card Transaction was key entered
- The Card Transaction was a Card Not Present Card Sale
- Track Data in the Authorization Request indicated that the Card Sale was not conducted with a Contact Chip Payment Device as required by the Technical Specifications

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA05 Chargeback Request within the applicable timeframes set forth in Section 2.1. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover in support of a response to a UA05 Dispute Notice:

- The Merchant's POS Device was enabled to support Chip Card Transactions using EMV technology



- The Merchant's POS Device completed the Card Transaction using magnetic stripe data and the Card Transaction was identified as Fallback in the Authorization Request
- The Card Transaction was key entered
- The Card Transaction was a Card Not Present Card Sale
- Track Data in the Authorization Request indicated that the Card Sale was not conducted with a Contact Chip Payment Device as required by the Technical Specifications
- The Card Transaction was a Cash Advance at an ATM

5.6.4 UA06 - Fraud - Chip and PIN Transaction

The UA06 Reason Code is valid for a Chargeback Request where the Cardholder, through the Issuer, alleges fraud relating to a Card Present Chip Card Transaction, with a PIN Preferring Chip Card and the Chip Card Transaction was conducted at a POS Device that is programmed for PIN Prompt Bypass or is not a PIN Enabled Terminal.

UA06 Reason Code Eligibility Rules

The UA06 Reason Code may be used by an Issuer to initiate a Chargeback Request of a Chip Card Transaction when (1) the Contact Chip Payment Device prefers PIN entry and (2) a PIN is not entered in the Authorization Request because the POS Device is not a PIN Enabled Terminal. A Ticket Retrieval Request is not required for Reason Code UA06, but the Issuer may initiate a Ticket Retrieval Request first, then convert it to a Reason Code UA06 Chargeback.

The Issuer must comply with the applicable provisions of the Operating Regulations prior to the initiation of a Dispute for fraud.

The following is an example of when the UA06 Reason Code may be assigned to a Dispute:

- A Card Present Chip Card Transaction conducted with a Contact Chip Payment Device using a PIN Preferring Chip Card and the POS Device is not a PIN Enabled Terminal.

The UA06 Reason Code is not valid under the following conditions:

- A Chip Card Transaction was completed with PIN entry on a PIN Enabled Terminal
- A Fallback transaction is present as indicated in the Authorization Request
- PIN Entry Bypass is present as indicated in the Authorization Request
- The Card Transaction was a Card Not Present Card Transaction
- Track Data in the Authorization Request indicated that the Chip Card Transaction was not conducted with a Contact Chip Payment Device as required by the Technical Specifications
- The Card Transaction was a Cash Advance at an ATM
- The Card Transaction was conducted at an ATM, and the ATM allowed the Card Transaction to process without a PIN

Note: Chip Card Transactions at Automated Fuel Dispensers and JCB and UnionPay Card Sales are not subject to Dispute for Reason Code UA06.



Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA06 Chargeback Request within the applicable timeframes set forth in Section 2.1, Response Period—Acquirers and Merchants. The following are each examples of compelling evidence an Acquirer or Merchant may submit to Discover in support of a Response to a UA06 Dispute Notice:

- A valid Chip Card Transaction occurred with PIN Entry as indicated in the Authorization Request
- A Card Sale conducted using magnetic stripe or key-entry where the Authorization Response indicates that the Merchant used Fallback procedures
- A Card Not Present Card Sale
- The Authorization Request contained a service code value other than 2xx or 6xx
- ATM transaction receipt



Section 6: Representment

6.1 Representment Overview

If an Acquirer or Merchant disagrees with a Chargeback, the Acquirer or Merchant may submit a Representment Request to Discover in the Disputes Electronic Format or by another Discover approved Dispute resolution system.

6.2 Acquirers' and Merchants' Representment Rights

Following processing by Discover of a Chargeback to the Acquirer or Merchant, the Acquirer, or Merchant has the right to submit a Representment Request to Discover, provided that such Representment Request is submitted within the timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants, of these Dispute Rules.

6.2.1 Requirements for Initiation of a Representment Request

An Acquirer or Merchant may submit a Representment Request to Discover if any of the following conditions are met:

- The Acquirer or Merchant possesses documentation that refutes the Issuer's support for the Chargeback, which additional documentation the Acquirer or Merchant must provide to Discover within five (5) Business Days of the Acquirer or Merchant's Representment Request
- The Issuer did not provide supporting documentation within five (5) Business Days after the Issuer submitted the Chargeback Request to Discover
- The Issuer submitted documentation to Discover in connection with a Chargeback Request but the documentation does not support the Chargeback or does not support the Reason Code under which the Chargeback was processed
- The Acquirer or Merchant previously provided evidence that the Card Transaction was valid
- A Credit or Reversal for the Card Sale has been processed; documentation is not required, but the Acquirer or Merchant must provide the date and amount of the Credit.

An Acquirer or Merchant may not submit a Representment Request under any applicable Reason Code if:

- Acquirer or Merchant has failed to respond to a Ticket Retrieval Request as described in Section 2.1, Response Period—Acquirers and Merchants

Upon an Acquirer's or Merchant's submission of a Representment Request, Discover will process a Representment and will forward notice of the Representment Request and a copy of any supporting documentation to the Issuer.

6.2.2 Timing

Any Representment Request by an Acquirer or Merchant must be submitted to Discover within the timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants, or the Representment Request will be rejected by Discover.

6.2.3 Exceptions

Acquirers and Merchants may not initiate a Representment Request solely due to an Issuer's failure to provide documentation supporting a Chargeback Request for a Reason Code listed in the chart in Section 5.2.2, Requirements for Initiation of a Chargeback Request. However, Acquirers and Merchants

may initiate a Representment Request regarding such a Chargeback Request for reasons other than the Issuer's failure to provide documentation supporting the Chargeback Request.

6.3 Discover Decisions on Representment Requests

Discover will forward Representment Requests and supporting documentation to the appropriate Issuer in accordance with these Dispute Rules, provided that in certain limited circumstances Discover may evaluate the merits of and resolve a Representment Request prior to forwarding the Dispute and supporting documentation to the Issuer. If an Issuer disagrees with a Representment processed by Discover in connection with a Representment Request, the Issuer may submit a Pre-Arbitration Inquiry to Discover, as set forth in Section 7: Pre-Arbitration Inquiry Overview. If an Acquirer or Merchant disagrees with the outcome of a Representment Request, the Acquirer or Merchant may initiate Dispute Arbitration as set forth in Section 8: Dispute Arbitration.

6.3.1 Representment Request Rejected

Discover may decline an Acquirer's or Merchant's Representment Request if it is not in the form and format required in these Dispute Rules and the Technical Specifications. Discover will notify the applicable Acquirer or Merchant if a Representment Request is rejected.

6.3.2 Representment without Acquirer or Merchant Request

In addition to processing a Representment at the request of an Acquirer or Merchant, Discover may also process a Representment on its own accord in the event that, within the calendar day period specified below after processing of a Chargeback with respect to a Card Transaction, Discover identifies any of the following types of information: (i) new information not considered at the time of the Chargeback indicating that the Chargeback should not have been processed, (ii) compelling evidence supporting the validity of the Card Transaction, or (iii) evidence that the Issuer did not comply with its obligations under Section 5.2, Rights and Responsibilities of an Issuer Initiating a Chargeback Request, in connection with the Chargeback Request. For Disputes before October 18, 2019, Discover may initiate a Representment within 45 days of Discover's identification of any of the events set forth above. For Disputes on and after October 18, 2019, Discover may initiate a Representment within 30 days of Discover's identification of any of the events set forth above.

6.4 Issuer Obligations in Connection with Representments

If a Cardholder recognizes a Card Transaction as valid prior to Discover processing a Representment, the Issuer should reverse the Chargeback through the Discover Network Disputes System. Discover will notify the Acquirer or Merchant of the Chargeback reversal.

An Issuer may not initiate a new Dispute to recover from a Representment of a Card Transaction. Rather, an Issuer that disagrees with a Representment must initiate a Pre-Arbitration Inquiry in accordance with the procedures set forth in Section 7: Pre-Arbitration Inquiry Overview.



Section 7: Pre-Arbitration Inquiry Overview

7.1 Pre-Arbitration Inquiry Overview

If an Issuer disagrees with a Representment, the Issuer may submit a Pre-Arbitration Inquiry to Discover within the timeframe specified in Section 1.3.2, Timing for Initiation of Disputes by Issuers. With the consent of Discover, the Issuer may change the Reason Code assigned to a Dispute prior to initiating a Pre-Arbitration Inquiry if the documentation received from the Acquirer or Merchant in connection with the Representment Request supports a different Reason Code. Issuers must submit Pre-Arbitration Inquiries through the Discover Network Dispute System or another approved Dispute resolution system. Issuers may submit a Pre-Arbitration Inquiry under the circumstances described below. The Issuer may not request Dispute Arbitration prior to close date of the Pre-Arbitration Inquiry.

7.2 Issuer Requirements for Initiation of a Pre-Arbitration Inquiry

An Issuer may initiate a Pre-Arbitration Inquiry for any of the following reasons:

- Issuer possesses new compelling evidence or documentation supporting a Chargeback that was unavailable to the Issuer at the time of the Ticket Retrieval Request or Chargeback Request
- Issuer possesses documentation indicating that the outcome of a Representment Request conflicted with the outcome required under these Dispute Rules
- Acquirer or Merchant did not submit documentation supporting the Representment Request or such documentation was not received by Discover within the required timeframe
- Documentation provided by the Acquirer or Merchant was illegible

Upon receipt of an Issuer's Pre-Arbitration Inquiry, Discover will forward a Dispute Notice and any new documentation supporting the Pre-Arbitration Inquiry received from the Issuer to the Acquirer or Merchant.

7.3 Timing

An Issuer may initiate a Pre-Arbitration Inquiry after the Representment Request close date in accordance with the timeframes specified in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

7.4 Acquirer's or Merchant's Obligations in Connection with Pre-Arbitration Inquiries

The Acquirer or Merchant will have 30 calendar days from the issue date of the Pre-Arbitration Inquiry Dispute Notice to respond ~~and provide any additional documentation in opposition to the Pre-Arbitration Inquiry~~ Compelling evidence must be submitted by the Acquirer or Merchant to Discover in support of the Acquirer or Merchant's response to the Pre-Arbitration Inquiry Dispute Notice within three (3) calendar days of the Acquirer or Merchant's Pre-Arbitration Response. If the Acquirer or Merchant fails to respond to the Pre-Arbitration Inquiry or if the Merchant or Acquirer accepts financial responsibility, the case will be decided in the Cardholder's favor with no further Dispute rights for the Merchant or Acquirer.

7.5 Withdrawal of Pre-Arbitration Inquiry

An Issuer may withdraw a Pre-Arbitration Inquiry if Discover has not yet communicated its final decision in response to the Pre-Arbitration Inquiry. An Issuer must submit each request to withdraw a Pre-Arbitration Inquiry in the Discover Network Dispute System or another approved Dispute resolution system. Withdrawal by the Issuer of a Pre-Arbitration Inquiry shall operate as final resolution of the



Dispute. After submitting a withdrawal of a Pre-Arbitration Inquiry, Issuers are not permitted to submit another Pre-Arbitration Inquiry or initiate Dispute Arbitration with respect to such Dispute.

7.6 Discover's Pre-Arbitration Inquiry Process

Discover will forward Pre-Arbitration Inquiry responses and documentation to the appropriate Issuer in accordance with the Dispute Rules. An Issuer, Merchant, or Acquirer may initiate Dispute Arbitration as set forth in Section 8: Dispute Arbitration.



Section 8: Dispute Arbitration

8.1 Dispute Arbitration Overview

If an Issuer, Acquirer, or Merchant disagrees with the decision of a Pre-Arbitration Inquiry, the dissatisfied party may submit a Dispute Arbitration request to Discover. Acquirers and Merchants must submit Dispute Arbitration requests using the formats specified by Discover. Issuers must submit Dispute Arbitration requests through the Discover Network Dispute System or another approved Dispute resolution system. Dispute Arbitration may be requested under the circumstances described below. Dispute Arbitration is not available in connection with Good Faith Investigation request.

8.2 Issuer's Rights

Issuers may request Dispute Arbitration for any of the following reasons:

- Documentation supporting a Chargeback Request or Pre-Arbitration Request that was previously unavailable is now available to the Issuer
- Documentation or other evidence indicating that the outcome of a Pre-Arbitration Inquiry conflicted with these Dispute Rules
- Cardholder provides additional and new compelling evidence supporting the Dispute that was not previously received by Discover
- All other rights available to the party requesting Dispute Arbitration under the Dispute Rules have been exhausted and did not resolve claim

8.3 Acquirer's or Merchant's Rights

Acquirers and Merchants may request Dispute Arbitration in accordance with the timeframe indicated in Section 1.4.1, Timing for Initiation of Dispute Arbitration by Acquirers, and Section 1.5.1, Timing for Initiation of Dispute Arbitration by Merchants, respectively. Dispute Arbitration may be initiated by the Acquirer or Merchant for any of the following reasons:

- Documentation indicating a Pre-Arbitration Inquiry decision conflicted with these Dispute Rules
- All other rights have been exhausted and did not resolve claim

An Acquirer or Merchant may initiate Dispute Arbitration by providing notice, in writing to the address shown below in compliance with the Dispute Arbitration process set forth in Section 8.4, Dispute Arbitration Process.

Discover Dispute Arbitration
P.O. Box 3011
New Albany, OH 43054

8.4 Dispute Arbitration Process

8.4.1 Timing

An Issuer, Acquirer, or Merchant that is a party to a Dispute may request Dispute Arbitration under the circumstances set forth in this Section 8: Dispute Arbitration. An Issuer may request Dispute Arbitration within the timeframes set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers. An Acquirer or a Merchant may request Dispute Arbitration within the timeframes set forth in Section 1.4.1, Timing for Initiation of Dispute Arbitration by Acquirers, and Section 1.5.1, Timing for Initiation of



Dispute Arbitration by Merchants, respectively. Upon receipt of a request for Dispute Arbitration, Discover will notify the other parties involved in a Dispute of a request for Dispute Arbitration.

8.4.2 Rejection of a Dispute Arbitration Request

Discover may reject a request for Dispute Arbitration from an Issuer, Acquirer or Merchant if the request: (i) does not relate to an existing Dispute appearing in the Discover Dispute database, (ii) is a duplicate request for Dispute Arbitration, (iii) contains errors or is missing required information, (iv) is not timely submitted to Discover, or (v) relates to a Dispute for which Dispute Arbitration is unavailable or has already been closed. Discover will notify the Issuer, Acquirer, or Merchant, as applicable, if a request for Dispute Arbitration is rejected. If a request for Dispute Arbitration is rejected by Discover because it contains errors or is missing required information, the Issuer, Acquirer, or Merchant may correct the errors or missing information and resubmit the request to Discover for consideration provided the deadline for initiating Dispute Arbitration has not yet passed.

8.4.3 Withdrawal From Dispute Arbitration

The party that initiated Dispute Arbitration may submit a request to Discover to withdraw from Dispute Arbitration up to 15 calendar days from the processing date of the Arbitration Request if the case has not been decisioned. Acquirers and Merchants must submit requests to withdraw from Dispute Arbitration using the applicable format specified by Discover. Issuers must submit requests to withdraw from Dispute Arbitration through the Discover Network Dispute System (DNDS) or other approved Dispute resolution system. In each case, withdrawal from Dispute Arbitration shall operate as a final resolution of the Dispute.

8.4.4 Resolution of Dispute Arbitration

In Dispute Arbitration, Discover reviews all of the new and previously submitted evidence provided by the parties relating to the Dispute. Upon approving a request for Dispute Arbitration, Discover will send a notice of Dispute Arbitration to the opposing party and the opposing party will have 15 calendar days to acknowledge the Dispute Arbitration and/or provide any new supporting documentation (where applicable) relating to the underlying Card Transaction to Discover. Failure to respond to notice of a Dispute Arbitration within such 15-day period may result in Discover deciding the Dispute Arbitration against the non-responsive party. Based upon its review of all available information and evidence relating to the Dispute, Discover shall resolve the Dispute in Dispute Arbitration consistent with and applying the principles set forth in these Dispute Rules.

A decision by Discover regarding a Dispute Arbitration, the Merchant's or Acquirer's acceptance of financial liability, or a Merchant's or Acquirer's failure to respond exhausts the parties' rights and remedies under these Dispute Rules and is final and not subject to appeal.

Discover will effect Settlement, as necessary, among the parties to the Dispute Arbitration in accordance with its final decision regarding the Dispute.

8.5 Dispute Arbitration Fee

The party that loses the Dispute Arbitration will be responsible for paying the applicable Fees set forth in the Agreement and/or Operating Regulations, as applicable, to cover the costs of the Dispute Arbitration. In the event either party withdraws from Dispute Arbitration before the issuance of a ruling by Discover, the withdrawing party shall be responsible for the amount of the underlying Card Transaction and may be assessed a Fee for withdrawing from Dispute Arbitration as set forth in the Agreement and/or Operating Regulations, as applicable to cover costs of the Dispute Arbitration.



Section 9: DC—Dispute Compliance

9.1 Dispute Compliance Claim Overview

A Dispute Compliance is a Dispute, as set forth in this Section 9, of all or a portion of a Card Transaction where an Issuer or Discover reasonably believes that such Card Transaction was conducted by the Merchant in violation of the applicable Operating Regulations or these Dispute Rules.

A Dispute Compliance may be initiated only under the circumstances described in Section 1.3.2, Timing for Initiation of Disputes by Issuers, and Section 9.2.2, Requirements for Initiation of a Dispute Compliance and after Discover approves a Dispute Compliance request in writing.

9.2 Rights and Responsibilities for Initiating a Dispute Compliance

9.2.1 Timing

An Issuer or Discover may initiate a Dispute Compliance during the timeframe specified in Section 1.3.2, Timing for Initiation of Disputes by Issuers.

9.2.2 Requirements for Initiation of a Dispute Compliance

Before initiating a Dispute Compliance claim, the Issuer must have experienced a monetary loss that cannot be recovered by the Cardholder arising as a direct result of the reason for the Dispute Compliance.

Issuers may initiate a Dispute Compliance after Discover's written approval of a Dispute Compliance for any of the following reasons:

- Issuer documents that the Merchant operated in a Prohibited Merchant Category as described in the Operating Regulations
- Issuer documents that the Card Transaction was fraudulent due to the documented Collusive Activity between a Cardholder and a Merchant. The amount of the Card Transaction that is subject to Dispute with a Dispute Compliance is specified in the Operating Regulations.
- Issuer documents that the Merchant used deceptive or fraudulent practices to conduct the Card Transactions as set forth in the Operating Regulations.

9.3 Acquirer's or Merchant's Response Rules

Acquirers and Merchants must respond to notice of a Dispute Compliance within the applicable timeframe set forth in Section 2.1, Response Period—Acquirers and Merchants.

9.4 Dispute Compliance Process

9.4.1 Timing

An Issuer that is party to a Dispute may request a Dispute Compliance Claim under the circumstances set forth in this Section 9. An Issuer may request a Dispute Compliance within the timeframes set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers. When Discover notifies the Issuer of its approval of a Dispute Compliance, Discover will also notify the Merchant or Acquirer involved in the Card Transaction subject to Dispute as a Dispute Compliance.

9.4.2 Rejection of a Dispute Compliance

Discover may reject a Dispute Compliance initiated by an Issuer if the Dispute Compliance: (i) does not relate to a Dispute in the Discover Dispute database; (ii) is a duplicate request for a



Dispute Compliance; (iii) contains errors or is missing documentation required in this Section 9; (iv) is not submitted to Discover in a timely manner in accordance with this Section 9 and otherwise in accordance with these Dispute Rules; (v) one or more of the Card Transactions relating to the Dispute Compliance are not approved by Discover as a violation of the Operating Regulations; or (vi) relates to a Dispute for which Dispute Compliance is unavailable or complete. Discover will notify the Issuer if a Dispute Compliance is rejected. The Issuer may correct the errors or supply the missing information and resubmit the Dispute Compliance to Discover for consideration within the timing for initiation of the original Dispute Compliance.

9.4.3 Withdrawal From a Dispute Compliance Claim

The Issuer that initiated a Dispute Compliance Claim may submit a request to Discover to withdraw, or, if Discover initiated the Dispute Compliance Claim, may withdraw from the Dispute Compliance Claim, up to fifteen (15) calendar days from the Processing Date of the Dispute Compliance Claim if Discover has not notified the parties of the decision on the Dispute Compliance Claim. Issuers must submit requests to withdraw from a Dispute Compliance Claim through the Discover Network Dispute System (DNDS) or other Discover-approved Dispute resolution system. In each case, withdrawal from a Dispute Compliance Claim shall operate as a final resolution of the Dispute.

9.4.4 Resolution of Dispute Compliance Claims

Discover reviews new and previously submitted evidence provided by the parties relating to Dispute Compliance claims. The Merchant or Acquirer will have 30 calendar days from the date of the Dispute Compliance claim notice to acknowledge the Dispute Compliance claim and/or provide any supporting documentation relating to the underlying Card Transaction to Discover. Failure by the Merchant or Acquirer to respond to a Notice of a Dispute Compliance claim within such 30-day period may result in Discover resolving the Dispute Compliance claim against the Merchant or Acquirer. Based upon its review of all available information and evidence relating to the Dispute Compliance claim, Discover shall resolve the Dispute Compliance claim in a manner consistent with and applying the principles set forth in these Dispute Rules.

A decision by Discover regarding a Dispute Compliance claim, and/or the Merchant's or Acquirer's acceptance of financial liability with respect to exhausts the parties' rights and remedies under these Dispute Rules is not subject to appeal.

Discover will effect Settlement, as necessary, among the parties to the Dispute Compliance in accordance with its final decision regarding the Dispute.



Section 10: Fees for Noncompliance With Dispute Rules and Other Fees

10.1 Issuer's Obligations

10.1.1 Fees for Initiating Chargeback Requests or Pre-Arbitration Inquiries Without Compelling Evidence

Issuers who initiate Chargeback Requests or Pre-Arbitration Inquiries in any calendar month that are not supported by compelling evidence as required by these Dispute Rules (e.g., timeliness, form, or format) may be notified in writing of their obligation to pay the Fees identified in the Agreement and/or Operating Regulations, as applicable.

10.2 Acquirer's and Merchant's Obligations

10.2.1 Fees for Excessive Disputes

Acquirers and Merchants are responsible for monitoring and responding to all Dispute Notices sent by Discover. If the number or percentage of Chargebacks initiated with an Acquirer or Merchant meets the Dispute threshold level identified in the Agreement and/or Operating Regulations, as applicable, Discover may assess a Fee against the Acquirer or Merchant. Excessive Dispute threshold levels will be calculated for each Acquirer and Merchant as the percentage of Chargebacks initiated with the Acquirer or Merchant in a month compared to the number of Card Transactions with the Acquirer or Merchant for the previous month.

10.2.2 Fees for Non-Responses to Ticket Retrieval Requests

Acquirers and Merchants are responsible for responding to Ticket Retrieval Requests in a timely manner, as set forth in Section 2.1, Response Period—Acquirers and Merchants. If an Acquirer or Merchant exceeds the applicable non-response threshold level identified in the Agreement and/or Operating Regulations, as applicable, Discover may notify the Acquirer or Merchant in writing that Discover is assessing a Fee against the Acquirer or Merchant. Discover will determine whether an Acquirer or Merchant has exceeded the applicable non-response threshold level by calculating the percentage of Ticket Retrieval Requests sent to the Acquirer or Merchant for which responses are not received in a timely manner by Discover.

10.2.3 Fee for Representment Requests

If an Acquirer or Merchant submits a Representment Request following a Chargeback, Discover may assess a Fee to the Acquirer or Merchant in accordance with the Agreement and/or Operating Regulations, as applicable.

10.2.4 Fee for Additional Images

Acquirers and Merchants may request copies from Discover of the evidence provided by an Issuer supporting a Dispute. Discover will forward to the Acquirer or Merchant, or make available for viewing by the Acquirer or Merchant, a copy of the evidence in an image within five (5) Business Days of the request. If an Acquirer or Merchant submits more than one request for the same image or submits a request for an image on a closed Dispute that was previously provided to the Acquirer or Merchant or submits a request for an image of documentation that is older than six (6) months, Discover may assess an image fee in the amount set forth in the Agreement and/or Operating Regulations, as applicable, for each image provided by Discover.



Section 11: Changes to Dispute Rules, DNDS, and Disputes Electronic Format

11.1 Scheduled Updates to Dispute Rules

Updates to these Dispute Rules may be released every April and October, and such updated versions will be provided to Acquirers, Merchants, and Issuers promptly upon their release.

11.2 Unscheduled Updates to Dispute Rules

In the event of any change to these Dispute Rules other than in connection with the scheduled release process set forth in Section 11.1, Scheduled Updates to Dispute Rules, Discover will provide Acquirers, Merchants, and Issuers with not less than 30 calendar days' advance notice of such change, provided, however, that Discover may implement as soon as reasonably practicable any changes to these Dispute Rules that Discover believes are necessary to address an imminent or ongoing material adverse threat to Discover or other participants on or constituencies of the Discover.

11.3 Updates to the DNDS and/or Disputes Electronic Format

Discover may update the DNDS and/or the Disputes Electronic Format monthly or at such other interval as Discover deems appropriate, in its sole discretion, provided that any changes to the DNDS or the Disputes Electronic Format that also require changes to the Dispute Rules will be made consistent with the timeframes and procedures outlined in Section 11.1, Scheduled Updates to Dispute Rules, and Section 11.2, Unscheduled Updates to Dispute Rules above.

11.4 Notice of Changes

Discover may provide notice to Acquirers, Merchants, and Issuers of changes to these Dispute Rules and the DNDS at their respective addresses (including e-mail addresses) indicated in the records of Discover, or Discover may make changes to these Dispute Rules available to Acquirers, Merchants, and Issuers through publication.



Section 12: Glossary

All capitalized terms used in these Disputes Rules have the definitions provided below. The definitions assigned to capitalized terms in these Dispute Rules apply solely to those terms as used in these Dispute Rules and are not intended to, and do not, affect the definitions assigned to the same or similar capitalized terms in the applicable Operating Regulations or other Discover documents.

Account

As applicable, (i) an “Account,” as such term is defined under the *Debit and Prepaid Operating Regulations* and the *Acquirer Operating Regulations*, and (ii) a “Card Account,” as such term is defined under the *Credit Operating Regulations*, the *Acquirer Operating Regulations*, and the *Merchant Operating Regulations*.

Acquirer

A party to an Acquirer Agreement with the Discover party to your Agreement that licenses certain intellectual property to the party and permits the party to enter into Merchant Agreements with Merchants in certain designated jurisdictions and subject to the *Acquirer Operating Regulations*.

Acquirer Agreement

The agreement between an Acquirer and Discover that governs the terms and conditions under which the Acquirer may enter into Merchant Agreements with Merchants permitting such Merchants to accept Cards as payment for goods and services (and, in certain cases in exchange for cash), as such term is more fully defined in the *Acquirer Operating Regulations*.

Acquirer Operating Regulations

The Operating Regulations for Acquirers promulgated by the Discover party to your Agreement, as amended from time to time.

Address Verification

An Acquirer’s or Merchant’s use of the Discover Address Verification Service to confirm the billing address associated with a Card, as more fully described in the Operating Regulations.

Address Verification Service (AVS)

The service provided by Discover to Acquirers and Merchants to assist them in validating the identity of a Card presenter by confirming the billing address associated with the Card, as more fully described in the Operating Regulations.

AFD

See Automated Fuel Dispenser.

Agreement

The Acquirer Agreement, Issuer Agreement, Cash Agreement, or Merchant Agreement, as applicable under the circumstances.

Aggregated Transit Transactions

Where approved by DFS, the ability of a U.S. Merchant operating in MCCs designated in the Program Documents to (1) submit \$1.00 USD, or one (1) unit of Originating Currency, Authorizations for Card Sales in accordance with the Program Documents, which specify the operating regulations and system requirements for these transactions; (2) submit Sales Data for one or more Card Sales conducted at an eligible Merchant’s transit entry point for an aggregated total of less than or equal to \$15.00 USD, or Originating Currency, and no more than fourteen (14) days after receipt of the Authorization Response.

**AID**

See Application Identifier

Application Identifier

One of three unique identification numbers assigned to Chip Card Transactions by Discover to be used for processing Chip Card Transactions on the Discover network, which must be stored in both the POS terminal and the Chip Card as specified in the Technical Specifications.

ATM

An automated teller machine or unattended point-of-sale terminal that has the electronic capability to accept PINs and dispense cash.

ATM Network

A network that receives ATM Transactions from ATM Operators and transmits these transactions to Discover pursuant to an agreement between the Discover party to your Agreement and the ATM Network.

ATM Operator

An operator of an ATM at which ATM Transactions may be conducted by Cardholders, which operator has entered into a Cash Agreement.

ATM Transaction

A withdrawal, Cash Advance, balance transfer, Account inquiry, deposit or other transaction at an ATM using a Card, but not including transactions at scrip terminals, that is directly or indirectly routed to Discover

Authorization

The process whereby an Issuer, including as delegated to a Chip Card that performs Offline Authorization Procedures on a Chip Card Terminal, or another Person (including Discover) acting on behalf of an Issuer in the performance of stand-in Authorization functions as described in the applicable Operating Regulations, determines whether to approve a Card Sale or Cash Advance in response to an Authorization Request.

Authorization Advice Message

A type of Authorization service used by a Merchant or Acquirer when required by the Operating Regulations or the Technical Specifications to provide Discover with Authorization Responses obtained using Downtime Authorization Services or to provide Discover with the actual amount after obtaining a preliminary Authorization Response (e.g., Authorization Response to an Authorization Request for \$1.00 by a Merchant operating an Automated Fuel Dispenser or pre-Authorization of a reservation by a Merchant in the travel industry) where permitted by the Operating Regulations.

Authorization Code

The code an Issuer, or another Person (including Discover) in performing stand-in Authorization functions on behalf of the Issuer as described in the applicable Operating Regulations, provides to Discover in response to an Authorization Request, which code Discover delivers to the Acquirer or the Merchant, as applicable.

Authorization Request

A request submitted by a Merchant or Acquirer, through Discover or another Person acting on behalf of Discover, to the Issuer for Authorization of a Card Transaction.

Authorization Response

The response of an Issuer to an Authorization Request, which may include an Authorization Code or referral code, using the Authorization process.



Authorized User

A person designated by the Cardholder to the Issuer as one who is permitted to make purchases using the Cardholder's Card or Account.

Automated Fuel Dispenser (AFD)

A Self-Service Terminal that dispenses fuel such as gasoline, diesel, or propane using Authorization procedures set forth in the Operating Regulations and the Technical Specifications.

AVS

See Address Verification Service.

Business Day

Any day, beginning at 12:00:01 a.m. Eastern Time (ET) and ending at 12:00:00 a.m. ET, other than a Saturday, Sunday, or a Federal banking holiday.

Canada

Canada, including its provinces and territories.

Canadian Dollar

The lawful currency of Canada.

Canadian Merchant Operating Regulations

See *Merchant Operating Regulations*.

Canadian Merchant Services Agreement

See Merchant Agreement.

Card

A "Card" as such term is defined in the Operating Regulations applicable under the circumstances.

Card Acceptance

The acceptance by a Merchant of Cards as the method of payment for goods or services, or in connection with Cash Advances.

Card Not Present Transaction

A Card Sale or Credit that occurs when neither the Card nor the Cardholder is present at the point-of-sale to conduct the Card Sale or Credit, including Internet, mail order, and telephone order Card Sales and Credits.

Card Number

As applicable, (i) the "Card Number," as such term is defined under the *Debit and Prepaid Operating Regulations*, the *Acquirer Operating Regulations* and the *Merchant Operating Regulations*, and (ii) the "Account Number," as such term is defined under the *Credit Operating Regulations*.

Card Sale

A "Card Sale," as such term is defined under the applicable Operating Regulations.

Card Transaction

A transaction involving a Card, including any Card Sale, Cash Advance, Credit, Chargeback, Representment, reversal, or correction.



Card Verification Value (CVV) or Card Verification Value Data

The Card Verification Value data encoded in the Track Data (including on the magnetic stripe) of each Card. Including CVV Data in an Authorization Request indicates that the Card was present at the time of the Card Sale or Cash Advance.

Cardholder

The person(s) to whom a Card has been issued and any Authorized User(s) of such Card, as provided in the applicable Agreements and Operating Regulations.

Cash Advance

A transaction, including at an ATM, or a Cash Advance Entity, whereby currency, including foreign currency, is paid to the Cardholder in connection with the presentation of a Card, but not including convenience checks, balance transfers, cash back points awards, quasi cash, or Cash at Checkout, where such transaction is conducted pursuant to a Cash Agreement with the Discover party to your Agreement. Cash Advance, as used in these Dispute Rules, includes “Cash Disbursements” as defined in the *Debit and Prepaid Operating Regulations*.

Cash Advance Entity

A Cash Advance Merchant or ATM Operator.

Cash Advance Merchant

A Merchant that is a financial institution, licensed money transmitter, or entity engaged in financial services that is permitted by applicable Requirements of Law and either a Cash Advance Agreement with Discover or written agreement with an Acquirer, to dispense Cash Advances in accordance with the Program Documents.

Cash Agreement

An agreement or operating regulations, including any Agreement or applicable Operating Regulations, between the Discover party to your Agreement and an Acquirer, Merchant, ATM Operator, Cash Advance Merchant or Issuer governing Cash Advances, including a “Cash Advance Participation Agreement,” as such term may be defined under applicable Operating Regulations.

Cash at Checkout

The dispensing of cash by a Merchant to a Cardholder in connection with a Card Sale for the purchase of goods or services from such Merchant in which the amount of the Card Sale is greater than the price of the goods or services purchased.

CAT

See Customer Activated Terminal.

CAVV

An encrypted value that is transmitted with the Authorization Request in a Card Sale to indicate that a participating Issuer has verified that the Card presenter in the Card Sale is the Cardholder designated in such Issuer’s records.

CDCVM

See Consumer Device Card Verification Method.

Certification or Certified

Verification by us in writing of an Acquirer’s, Merchant’s, and/or Processor’s ability to comply with the requirements of the Operating Regulations, Certification Manual, and the Technical Specifications.



Chargeback

A transaction processed by Discover that reverses a previous Settlement, of all or a portion of a Card Transaction, from an Issuer to an Acquirer or Merchant.

Chargeback Request

A request by an Issuer submitted to Discover to process a Chargeback.

Chip Card

A Card with an embedded integrated chip that may perform Offline Authorization services and that may perform Authorization without contact between the Card and the Chip Card Terminal, and that complies with the Technical Specifications and *EMV™ Integrated Circuit Card Specifications for Payment Systems*, located at <http://www.emvco.com>. EMV™ is a trademark owned by EMVco LLC.

Chip Card Terminal

A type of POS Device that is enabled to conduct Chip Card Transactions that may require contact with the Chip Card, as set for in the Operating Regulations, the Technical Specifications and *EMV™ Integrated Circuit Card Specifications for Payment Systems*, located at <http://www.emvco.com>.

Chip Card Transaction

A Card Transaction with a Chip Card at a Chip Card Terminal that may require contact between the Chip Card and the Chip Card Terminal and that complies with the Operating Regulations and the Technical Specifications.

Chip Fallback

If a Chip Card Transaction cannot be completed by a Chip Card Terminal, the process by which a POS Device completes a Card Transaction by capturing Track Data from the magnetic stripe on the Chip Card.

CID or Card Identification Data

The three-digit number that follows the Card Number in the signature panel or in a separate box directly to the right of the signature panel on the back of a Card.

Consumer Device Card Verification Method (CDCVM)

In connection with a Card Present Card Sale using a Mobile Payment Device, a process that compares certain information provided by the Card presenter (i.e., PIN entry, pattern input, or fingerprint identity sensor) to match information stored on a Mobile Payment Device.

Contactless Chip Payment Device

A device, including without limitation, a radio frequency enabled portable product, approved by us (e.g., key fob, contactless sticker, Mobile Payment Device, Card) that is enabled to conduct Card Transactions in accordance with the Operating Regulations and the Technical Specifications.

Contactless Magnetic Stripe Card Transaction

A Card Transaction in which a Contactless Payment Device wirelessly transmits and the Merchant wirelessly captures Track Data (including DCVV Data) required for Authorization of the Card Transaction and for creation of the related Sales Data.

Correction

An amount payable to us or by us to correct an error in Settlement that resulted from an error contained in Sales Data or with respect to Chargebacks, Representments, Acquirer Interchange, Acquirer Assessments, Cash Reimbursements, Acquirer Fees or a Merchant Funds Disbursement where Settlement is either not completed or is reversed by the Acquirer or Merchant or by us with you.

**Counterfeit Merchandise**

Product or merchandise that is an imitation or fraudulent and produced to create the impression of authenticity in order to deceive a prospective customer.

Credit

A “Credit” issued to the Account in the entire amount or part of the amount of a previous Card Sale, as such term is defined in the applicable Operating Regulations.

Credit Card Transaction

A Card Transaction conducted using a Credit Card.

Credit Operating Regulations

The Credit Issuer Operating Regulations promulgated by the Discover party to your Agreement, as amended from time to time.

Credit Slip

A Transaction Slip used by a Merchant when issuing a Credit to a Cardholder.

Counterfeit Card

An instrument or device embossed, encoded, or printed that displays a Discover Acceptance Mark, or otherwise purports to be a valid Card but that is not a valid Card because the Issuer did not approve either the issuance of such Card to the designated Person, and/or the embossing, encoding, or printing of or the display of the Discover Acceptance Marks on such Card was altered or re-fabricated by a third party after valid issuance by the Issuer.

Cryptogram

A security element used to secure data and provide validation that the Chip Card involved is genuine.

Customer Activated Terminal (CAT)

A Merchant’s unattended POS Device at which the Cardholder’s signature is not required on the Transaction Receipt in order to conduct a Card Sale.

CVV or CVV Data

See Card Verification Value.

DCVV

See Dynamic Card Verification Value.

DCVV Data

See Dynamic Card Verification Value.

Debit Card

A “Debit Card,” as such term is defined under the applicable Operating Regulations.

Debit Card Transaction

A Card Transaction conducted using a Debit Card.

Debit Issuer Agreement

The agreement between the Discover party to your Agreement and an Issuer pursuant to which the Issuer is authorized to issue Debit Cards for use on the Discover, as more fully described in the *Debit and Prepaid Operating Regulations*.



Debit and Prepaid Operating Regulations

The *Discover Debit and Prepaid Operating Regulations* promulgated by the Discover party to your Agreement, as amended from time to time.

Discover Network Dispute Department

The Discover employees responsible for facilitating the resolution of Disputes based on the applicable rules in these Dispute Rules, and in a manner that is intended to be neutral as among the Issuer, the Acquirer, the Merchant, and Discover.

Discover Network Dispute System (DNDS)

The operating system that Issuers use to provide Discover with communication related to Disputes, as such system may be supplemented, amended, or revised by Discover from time to time in its sole discretion.

Discover Merchant Number

The unique 15-digit number assigned by Discover or an Acquirer to each Merchant to record and to facilitate Card Transactions conducted by and involving the Merchant.

Dispute

A Ticket Retrieval Request, Chargeback, Representment Request, or Pre-Arbitration Inquiry, as the context may require, by an Issuer, Acquirer, Merchant, or Discover, including supporting information and documentation provided by the Issuer, Acquirer, or Merchant in connection with any of the foregoing, and the process used by Discover to resolve or effect any of the foregoing, including Dispute Arbitration, as more fully described herein and in the applicable Operating Regulations.

Dispute Arbitration

The review by Discover of a Dispute resolution decision following a request by a party to the Dispute for a review of the decision.

Dispute Compliance

A Dispute initiated by an Issuer or by us, as set forth in Section 9, Dispute Compliance, alleging that one or more Card Transactions of a Merchant or Acquirer involved in the Card Transaction violated the applicable Operating Regulation or Dispute Rules.

Disputes Electronic Format

Electronic messaging format, including, the Dispute File Format described in the Technical Specifications and/or the on-line Dispute system located at www.DiscoverGlobalNetwork.com, specified by Discover for use by Acquirers and Merchants that is used to send information regarding Disputes to Discover and receive information regarding Disputes from Discover.

Dispute Notice

Notice delivered by Discover to an Acquirer or Merchant informing the Acquirer or Merchant of a Dispute initiated by an Issuer or Discover or informing the Acquirer or Merchant of a decision by Discover with respect to a Dispute involving the Acquirer or Merchant.

Dispute Rules

The rules, regulations, and requirements set out in this *Discover Dispute Rules Manual*.

DNDS

See Discover Network Dispute System.



Dynamic Card Verification Value (DCVV) or Dynamic Card Verification Value Data

An encrypted calculated value in the Track Data generated by a Contactless Payment Device that is transmitted to Discover as part of an Authorization Request.

Fee

One or more fees assessed by Discover against an Acquirer, Merchant, or Issuer under these Dispute Rules in the amount set forth in the Agreement, or Operating Regulations, as applicable.

Good Faith Investigation

The initiation by an Issuer, on behalf of their Cardholder, of a claim challenging a Card Transaction that would be subject to Dispute under one of the Reason Codes described in these Dispute Rules but for the lapse of the applicable Dispute initiation timeframe set forth in Section 1.3.2, Timing for Initiation of Disputes by Issuers. Upon receipt of a Good Faith Investigation request, Discover will forward such Good Faith Investigation to the Acquirer or Merchant. Good Faith Investigations are not entitled to the rights associated with Disputes, as set forth in Section 4.5.4, Reason Code 05 - Good Faith Investigation.

In-App Card Sale

A Card Sale with a Mobile Payment Device in which payment data, Cardholder credentials and CAVV are processed using applications on the Mobile Payment Device.

International Acquirer

An Acquirer that is located and operates outside of the United States and whose Merchants operate exclusively outside of the United States.

International Merchant

A Merchant that is located and operates outside of the United States.

Issuer

A party that is permitted to issue Cards pursuant to the terms of an Issuer Agreement with the Discover party to your Agreement and the applicable Operating Regulations.

Issuer Agreement

The agreement between the Discover party to your Agreement and an Issuer pursuant to which the Issuer is authorized to issue Credit Cards, Debit Cards, and/or Prepaid Non-Reloadable Cards for use on the Discover network, as more fully described in the applicable Operating Regulations.

Keyed Card Transaction

A Card Present Card Transaction where the Merchant captures Cardholder information manually by either keying data into a POS Device or recording Cardholder information on a Transaction Slip, in each case where the POS Device is unable to electronically read or capture data from the Card.

Merchant

A party to a Merchant Agreement and/or a Cash Agreement with the Discover party to your Agreement or with an Acquirer, provided that the Acquirer must act under these Dispute Rules on behalf of any Merchant with which the Acquirer has entered into a Merchant Agreement and such “acquired” Merchants do not have the rights or responsibilities of Merchants as described under these Dispute Rules. “Merchant” as used in these Dispute Rules includes those entities defined as “Merchants” under the applicable Operating Regulations and, as applicable, ATM Networks and ATM Operators.



Merchant Agreement

An agreement between a Merchant and either the Discover party to your Agreement or an Acquirer, that licenses or sub-licenses certain intellectual property to the Merchant and that governs the terms and conditions of Card Acceptance by the Merchant, including a “Merchant Agreement,” as defined in the *Acquirer Operating Regulations* and *Debit and Prepaid Operating Regulations*, a “Merchant Services Agreement,” as defined in the *Merchant Operating Regulations* and *Credit Operating Regulations*, and a “Canadian Merchant Services Agreement,” as defined in the *Canadian Merchant Operating Regulations*, or other international Merchant Services Agreement between the Discover party to your Agreement and a Merchant.

MCC

See Merchant Category Code.

Merchant Category Code

The business classification on the Discover network assigned by the Acquirer or Discover to a particular Merchant based upon the Merchant Category Code table maintained by Discover that represents the type of business and/or method of Card Transactions conducted by the Merchant.

Merchant Operating Regulations

The rules and regulations governing Merchant Card Acceptance and the Settlement of Card Transactions conducted by a Merchant, as promulgated by Discover from time to time. General references to *Merchant Operating Regulations* include the *Canadian Merchant Operating Regulations*.

Mobile Payment Device

A portable electronic device such as a mobile phone, tablet, wearable payment device approved by us, or similar mobile device that is enabled to initiate Contactless Card Transactions and/or In-App Card Sales by transmitting Card Transaction data to a POS Device in accordance with the Operating Regulations and the Technical Specifications.

Offline Authorization Procedure

The process whereby a Chip Card, using parameters designated by the Issuer, provides an Authorization Response to a Chip Card Terminal for a Chip Card Transaction.

Offline PIN Entry

A Card Verification Method (CVM) in which the PIN is entered by the Cardholder for a Chip Card Transaction on a Chip Card Terminal and validated by the Chip Card using a Chip Card Terminal.

Online PIN Entry

A Card Verification Method (CVM) in which the PIN is entered by the Cardholder for a Chip Card Transaction on a Chip Card Terminal and the Authorization Request including the PIN is forwarded by the Chip Card Terminal to the Issuer or its Agent for validation.

Operating Regulations

As applicable, the *Acquirer Operating Regulations*, *Credit Operating Regulations*, *Debit and Prepaid Operating Regulations*, and *Merchant Operating Regulations*.

Originating Currency

The currency represented in the Authorization Requests and Sales Data by the currency codes in the Technical Specifications which refer to the currency in which a Card Transaction is conducted, which, for Card Transactions in the United States, shall be U.S. Dollars, or, for Card Transactions in an Authorized Jurisdiction other than the United States, shall be the currency in which the Card Transaction is conducted.



Partial Authorization Response

Issuer approval of a Card Transaction for an amount other than the amount requested in the Authorization Request, as described in the *Authorization Interface Technical Specifications*.

Payroll Card

A type of Debit Card or Prepaid Card that, under the Federal Reserve Regulation E Final Rule, 12 CFR part 205, section 205.2 (b)(2) (eff. July 1, 2007), is directly or indirectly established through an employer and to which electronic fund transfers of the consumer's wages, salary, or other employee compensation (such as commissions), are made on a recurring basis, whether the account is operated or managed by the employer, a third-party payroll processor, a depository institution or any other person.

PIN

The personal identification number or code assigned by an Issuer that may be used by the Cardholder to facilitate a Card Sale or Cash Advance on a POS Device, including a Chip Card Terminal, under the conditions specified by the Issuer and that may be used by the Merchant as a method of identifying such Cardholder.

PIN-Enabled Terminal

A Chip Card Terminal that is configured and Certified by us to conduct Chip Card Transactions using Offline PIN Entry and/or Online PIN entry in accordance with the Operating Regulations.

PIN Preferring Chip Card

A Chip Card that is personalized with Offline PIN Entry and/or Online PIN Entry as the preferred Cardholder Verification Method.

POS Device

An electronic point-of-sale device, Card reader, Chip Card Terminal, cash register, or terminal, including a CAT and Self-Service Terminal, located at the physical premises of a Merchant that is capable of electronically capturing data from Cards and receiving electronic evidence of Authorization Responses and which may also be capable of transmitting electronic evidence of Sales Data.

Pre-Arbitration Inquiry

A request by an Issuer for reversal of a Representment that has been processed by Discover in connection with a Dispute.

Prepaid Card

A "Prepaid Card," as such term is defined under the applicable Operating Regulations.

Prepaid Card Issuer Agreement

The agreement between the Discover party to your Agreement and an Issuer pursuant to which the Issuer is authorized to issue Prepaid Cards for use on the Discover network, as more fully described in the *Debit and Prepaid Operating Regulations*.

Prepaid Card Transaction

A Card Transaction conducted using a Prepaid Card.

Prepaid Non-Reloadable Card

A "Prepaid Non-Reloadable Card," as such term is defined in the applicable Operating Regulations.

Prepaid Non-Reloadable Card Transaction

A Card Transaction conducted using a Prepaid Non-Reloadable Card.



Prepaid Reloadable Card

A “Prepaid Reloadable Card” or “Reloadable Prepaid Card,” in each case as such term is defined under the applicable Operating Regulations.

Prepaid Reloadable Transaction

A Card Transaction conducted using a Prepaid Reloadable Card.

Processing Date

The date that Discover transmits files or messages to the Issuer and Acquirer or Merchant, as applicable, after Discover completes the processing of the Sales Data received from the Acquirer or Merchant for the Card Transaction described in the Sales Data.

Proof of Delivery

Documentation, as specified in the *Acquirer Operating Regulations* and *Merchant Operating Regulations*, that goods or services were delivered to the billing address associated with the Card, or of the Cardholder’s participation in the Card Transaction.

ProtectBuy Authentication Request

A request by a Merchant using the ProtectBuy authentication service to verify that the Card presenter in a Card Not Present Card Sale is the Cardholder as designated in the participating Issuer’s records.

ProtectBuy Authentication Response

A response to a ProtectBuy Authentication Request.

Reason Code

The code assigned by an Issuer, from the list made available by Discover, to each Ticket Retrieval Request and Chargeback Request initiated by the Issuer and which identifies the nature and reason for the Dispute.

Recurring Payments

Card Sales processed and presented to the Cardholder’s Account periodically in such amount(s) and at such time(s) as agreed between the Cardholder and the Merchant pursuant to a Recurring Payments Plan. Such transactions may also be referred to as “recurring billing” Card Sales.

Recurring Payments Plan

An agreement between a Cardholder and a Merchant to pay an obligation, either of a fixed or variable amount with a series of payments over a period of time that may, at the Cardholder’s discretion provide for use of a Card Account as a means of payment.

Representment

A transaction processed by Discover to reverse a Chargeback of all or a portion of a Card Transaction.

Representment Request

A request by an Acquirer or Merchant to Discover to process a Representment.

Sales Data

“Sales Data,” as such term is defined under applicable Operating Regulations.

Self-Service Terminal

A POS Device other than a CAT that is not attended by a representative of the Merchant.

**Settlement**

The movement of funds among the parties involved in a Card Transaction as described in the Operating Regulations, including as a result of a Chargeback, Representment, reversal, or Dispute Arbitration decision, as effected by Discover.

Substitute Transaction Documentation

Collectively, Substitute Transaction Receipt(s) and Substitute Transaction Slip(s).

Substitute Transaction Receipt

A Transaction Receipt provided by an Acquirer or Merchant in response to a Dispute Notice regarding a Card Transaction for which the Merchant was not required to produce or retain a physical Transaction Receipt.

Substitute Transaction Slip

A Transaction Slip provided by an Acquirer or Merchant in response to a Dispute Notice regarding a Card Transaction for which the Merchant was not required to produce or retain a physical Transaction Slip.

Swiped Card Transaction

A Card Present Card Transaction conducted using a POS Device where the Card is swiped through the POS Device to capture data from the Card, a Contactless Card Transaction, or Chip Card Transaction where an Authorization Response is obtained using Chip Fallback procedures.

Technical Specifications

Certain documents prepared by Discover and incorporated by reference into the Operating Regulations that include detailed operating and technical requirements governing the establishment and maintenance of electronic links, Authorization, processing and Settlement services (e.g., the form and format for electronic data transmissions) among Acquirers or Merchants, Discover, and Issuers.

Ticket Retrieval Request

A request by an Issuer, acting on its own behalf or on behalf of a Cardholder, for a copy of Transaction Documentation or other documentation or information relating to a Card Transaction. An Issuer may initiate a Chargeback Request if the Acquirer or Merchant failed to respond or provides an inadequate response to a Ticket Retrieval Request.

Timeshare

A form of shared ownership of real property, commonly vacation or recreation condominiums, holiday homes, holiday clubs, hotels, or apartments in which a Person contracts to use the property for a specific period each year.

Tolerance Level

A percentage by which the amount of a Card Sale represented in Sales Data may exceed the amount of the Card Sale indicated in the corresponding Authorization Response applicable to certain Merchant Category Codes.

Track Data

The data used for Authorization that is encoded in one or more of the following locations: track 1 or track 2 of Track Data on the magnetic stripe, the magnetic stripe image on a Chip Card, or in a memory storage device embedded in the Card.

Transaction Documentation

Collectively, Transaction Receipts and Transaction Slips.



Transaction Receipt

A paper or electronic copy of Card Transaction data generated at the point of sale when the Card Transaction is conducted using a POS Device, a copy of which is required to be provided to the Cardholder.

Transaction Slip

A paper form used by a Merchant to capture Card Transaction data in transactions where a POS Device is not used, a copy of which is provided to the Cardholder, including a Credit Slip.

United States

The “United States,” as such term is defined under the applicable Operating Regulations.

U.S.

See United States.

U.S. \$, U.S. Dollars

United States Dollars, the lawful currency of the United States of America.