

Dispute Rules Manual

Release 7.2
Effective Date October 12, 2007

Revision Date: April 13, 2007

Proprietary and Confidential
©2007 Discover Financial Services LLC

This Dispute Rules Manual is incorporated by reference into the Agreement 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 Discover Financial Services LLC, except as otherwise expressly provided herein.



This page intentionally left blank.

Table of Contents

REVISION SUMMARY	7
1.0 DISPUTE RESOLUTION PROCESS – OVERVIEW.....	9
1.1 The Role of Discover® Network in Disputes.....	9
1.2 The Role of Issuers in Disputes.....	10
1.2.1 Requirements for the Initiation of Disputes by Issuers	12
1.2.2 Timing for Initiation of Disputes by Issuers.....	12
1.3 The Role of Acquirers in Disputes	13
1.4 The Role of Merchants in Disputes.....	13
2.0 RESPONSE TIMEFRAMES.....	15
2.1 Response Period - Acquirers and Merchants	15
2.2 Exception – Natural Disaster Handling	15
3.0 TRANSACTION DOCUMENTATION REQUIREMENTS	17
3.1 Acquirer’s and Merchant’s Obligations and Rights – Information Required in Transaction Documentation.....	17
3.1.1 Information Required in All Transaction Documentation	17
3.1.2 Additional Information Required for Swiped Card Transactions.....	17
3.1.3 Additional Information Required in Keyed Card Transactions.....	18
3.1.4 Additional Information Required in Card Not Present Card Transactions.....	18
3.1.5 Additional Information Required in Card Sales Involving Vehicle Rentals	18
3.1.6 Additional Information Required for Card Sales at Lodging and Cruise Line Merchants	18
3.1.7 Additional Information Required for Card Sales at Airline or Passenger Rail Merchants.....	19
3.1.8 Additional Information Required for Card Sales at CATs	19
3.1.9 Additional Information Required for No Signature Required Card Sales.....	19
3.2 Substitute Transaction Documentation.....	20
3.3 Right of Issuer or Discover Network to Initiate Chargeback for Insufficient Transaction Documentation.....	20
4.0 INQUIRY TICKET RETRIEVAL REQUESTS	21
4.1 Overview.....	21
4.2 Rights and Responsibilities of an Issuer Initiating an Inquiry Ticket Retrieval Request	21
4.2.1 Required Data Elements for Inquiry Ticket Retrieval Requests	21
4.2.2 Timing.....	21
4.2.3 Discover Network’s Handling of Inquiry Ticket Retrieval Requests.....	21
4.2.4 Incomplete Inquiry Ticket Retrieval Requests	21
4.2.5 No Duplicate Inquiry Ticket Retrieval Requests	22

4.2.6	No Chargeback Rights for Failure to Respond to Inquiry Ticket Retrieval Request	22
4.3	Rights and Responsibilities of Acquirers and Merchants Responding to Inquiry Ticket Retrieval Requests	22
4.3.1	Required Data Elements in Responses.....	22
4.3.2	Deadline for Responses	22
4.4	Issuer Receipt of Acquirer or Merchant Responses to Inquiry Ticket Retrieval Requests	22
4.4.1	Discover Network’s Forwarding of Acquirer and Merchant Responses ..	22
4.4.2	Issuer’s Obligation to Accept Substitute Transaction Documentation	23
4.4.3	Issuer’s Rights	23
5.0	DISPUTE TICKET RETRIEVAL REQUESTS AND CHARGEBACKS	25
5.1	Dispute Ticket Retrieval Request Overview.....	25
5.2	Rights and Responsibilities of an Issuer Initiating a Dispute Ticket Retrieval Request	25
5.2.1	Required Data Elements for Dispute Ticket Retrieval Requests	25
5.2.2	Timing.....	25
5.2.3	Discover Network’s Handling of Dispute Ticket Retrieval Requests	25
5.2.4	Incomplete Dispute Ticket Retrieval Requests	26
5.2.5	No Duplicate Dispute Ticket Retrieval Requests.....	26
5.3	Rights and Responsibilities of Acquirers and Merchants Responding to Dispute Ticket Retrieval Requests.....	26
5.3.1	Required Data Elements in Responses.....	26
5.3.2	Deadline for Responses	26
5.4	Receipt of Acquirer or Merchant Responses to Dispute Ticket Retrieval Requests	26
5.4.1	Discover Network’s Resolution of the Dispute Ticket Retrieval Request.	26
5.4.2	Discover Network’s Forwarding of Acquirer and Merchant Responses to Dispute Ticket Retrieval Requests	27
5.4.3	Issuer’s Obligation to Accept Substitute Transaction Documentation	27
5.4.4	Issuer’s Rights	27
5.5	Chargeback Overview	27
5.6	Chargebacks	28
5.6.1	Rights and Responsibilities of an Issuer Initiating a Chargeback Request	28
5.6.2	Discover Network’s Obligation to Notify Acquirer or Merchant of Chargeback Requests	29
5.6.3	Acquirer’s and Merchant’s Responses to Chargeback Requests	29
5.6.4	Discover Network’s Decisions Regarding Chargeback Requests	29
5.6.5	Discover Network’s Chargeback Rights	30
5.7	Billing Error Notices and Notices of Error	30
5.7.1	Billing Error Notices	30
5.7.2	Notices of Error.....	31
5.8	Reason Codes.....	33

5.8.1	Reason Codes for Service Disputes.....	33
5.8.2	Reason Codes for Processing Error Disputes.....	34
5.8.3	Reason Codes for Discover Network ATM Transactions	36
5.8.4	Reason Codes for Fraud Disputes	36
5.9	Reason Code Rules for Service Disputes.....	38
5.9.1	AL - Airline Transaction Dispute	38
5.9.2	AP – Automatic Payment.....	40
5.9.3	AW - Altered Amount.....	42
5.9.4	CA – Cash Advance Dispute	43
5.9.5	CD - Credit Posted as Card Sale.....	44
5.9.6	CR – Cancelled Reservation	45
5.9.7	DP - Duplicate Processing.....	46
5.9.8	NC – Not Classified	47
5.9.9	RG – Non-Receipt of Goods or Services.....	48
5.9.10	RM – Cardholder Disputes Quality of Goods or Services	49
5.9.11	RN1 – Additional Credit Requested.....	51
5.9.12	RN2 – Credit Not Received	52
5.10	Reason Code Rules for Processing Error Disputes	53
5.10.1	DA – Declined Authorization.....	54
5.10.2	DP - Duplicate Processing.....	54
5.10.3	EX – Expired Card.....	55
5.10.4	IC – Illegible Transaction Documentation.....	56
5.10.5	IN – Invalid Card Number	56
5.10.6	IS – Missing Signature.....	57
5.10.7	LP – Late Presentation	58
5.10.8	NA – No Authorization	59
5.10.9	SV – Stored Value Dispute.....	59
5.10.10	TF – Dispute Initiated by Discover Network for Violation of Operating Regulations.....	60
5.11	Reason Code Rules for Discover Network ATM Transaction Disputes	61
5.11.1	TNM – Discover Network ATM Transaction – Transaction Improperly Posted to Cardholder’s Account.....	61
5.11.2	P – Discover Network ATM Transaction – Partial Funds Dispensed	62
5.11.3	N – Discover Network ATM Transaction -- No funds dispensed	62
5.11.4	DP1 – ATM – Duplicate Processing	63
5.12	Reason Code Rules for Fraud Disputes	64
5.12.1	Fraud Dispute Ticket Retrieval Requests – Card Sale Disputes	64
5.12.2	Sub-Reason Codes Applicable to UA Dispute Ticket Retrieval Requests	64
5.12.3	Fraud Chargeback Requests Initiated by the Issuer	71
6.0	REPRESENTMENT (REVERSAL OF CHARGEBACKS)	76
6.1	Representment Overview	76
6.2	Acquirers’ and Merchants’ Representment Rights.....	76
6.2.1	Requirements for Initiation of a Representment Request.....	76
6.2.2	Timing.....	77

6.3	Discover Network Decisions on Representment Requests.....	77
6.3.1	Representment Request Approved	77
6.3.2	Representment Request Declined.....	77
6.3.3	Representment without Acquirer or Merchant Request.....	77
6.4	Notification of Representment	78
6.5	Issuer Obligations in Connection with Representment	78
7.0	DISPUTE ARBITRATION.....	80
7.1	Dispute Arbitration Overview	80
7.2	Issuer’s Rights	80
7.3	Acquirer’s or Merchant’s Rights.....	80
7.4	Requirements for Initiation of a Dispute Arbitration	81
7.4.1	Timing.....	81
7.4.2	Rejection of a Dispute Arbitration Request.....	81
7.5	Dispute Arbitration Process	81
7.6	Dispute Arbitration Fee.....	81
8.0	FEES FOR NONCOMPLIANCE WITH DISPUTE RULES	82
8.1	Issuer’s Obligations	82
8.1.1	Fees for Initiating Chargeback Requests without Compelling Evidence .	82
8.2	Acquirer’s and Merchant’s Obligations	82
8.2.1	Fees for Excessive Disputes	82
8.2.2	Fees for Non-Responses to Inquiry Ticket Retrieval Requests.....	82
8.2.3	Fee for Representment Requests	82
8.2.4	Fee for Additional Images.....	82
9.0	INVESTIGATION AND RESOLUTION OF CLAIMS OUTSIDE STANDARD DISPUTE INITIATION TIMEFRAMES.....	84
9.1	Obligations of Issuer.....	84
9.2	Obligations of Acquirers and Merchants.....	84
9.3	Obligations of Discover Network.....	84
10.0	CHANGES TO DISPUTE RULES AND DNDS	86
10.1	Scheduled Updates to Dispute Rules	86
10.2	Unscheduled Updates to Dispute Rules	86
10.3	Updates to the DNDS/Dispute File Format/Dispute Form.....	86
10.4	Notice of Changes	86
11.0	GLOSSARY	88

Revision Summary

Below is a summary of important changes to the Dispute Rules Manual, Release 7.2, effective October 12, 2007. This summary is not intended to be a complete list of changes and does not reflect all revisions to the Dispute Rules Manual. Please carefully review the full Dispute Rules Manual for complete details governing the Discover® Network Disputes resolution process.

Section	Heading	Revision Description	Page
2.1, 5.7.1.5, 6.1, 6.2.2, 7.2	Various	Dispute Arbitration may not be initiated by Issuers, Acquirers or Merchants with respect to Billing Error Notice (“BEN”) Disputes and Notice of Error Disputes. In addition, Acquirers and Merchants may not initiate Representment Requests on BEN Disputes and Notice of Error Disputes after Discover Network has issued a Dispute resolution decision. The highlighted sections remove references to rights to initiate Representment Request in connection with BEN Disputes and Notice of Error Disputes.	Various
4.2.6, 4.3.2, 5.4.4	Various	Issuers may request Discover Network to initiate a subsequent or new Dispute regarding a Card Transaction if the Acquirer or Merchant fails to respond to an Inquiry Ticket Retrieval Request regarding the Card Transaction.	Various
5.7.1	Billing Error Notices	Clarified that BEN Disputes are subject to the same requirements as Dispute Ticket Retrieval Requests, except as otherwise specified in Section 5.7.1.	30
5.7.2	Cardholder Rights	Clarified that Notice of Error Disputes are subject to the same requirements as Dispute Ticket Retrieval Requests, except as otherwise specified in Section 5.7.2.	31
5.9.10	RM – Cardholder Disputes Quality of Goods or Services	Issuers may not use RM Reason Code in connection with the Dispute of a Card Sale unless the Issuer has first initiated an Inquiry Ticket Retrieval Request with respect to the Card Sale and either (i) has received a response to the Inquiry Ticket Retrieval Request that did not resolve the Dispute, or (ii) the time for the Acquirer or Merchant to respond to the Inquiry Ticket Retrieval Request has lapsed.	49
5.12.2.1	UA10 – Swiped Card Transaction – Proof of Valid Card Sale	Corrected document to indicate that UA10 Reason Code applies to a UA10 Dispute, not a UA30 Dispute.	65
5.12.3.3	UA03 – Sale Exceeded Authorization Amount	Acquirers and Merchants are not obligated to pay UA03 Disputes of Card Sales at Customer Activated Terminals (CATs) for Merchants in the petroleum industry (MCC 5542) up to the amount of \$75, provided the Merchant obtained an approved Authorization Response for \$1.00.	73
7.6	Dispute Arbitration Fee	Either party to an Arbitration case may withdraw from Arbitration before Discover Network issues a decision on the underlying Dispute. In the event that either party withdraws from Arbitration, Discover Network may assess an Arbitration withdrawal fee to the withdrawing party in the amount set forth in the Fee Schedule.	81

This page has been intentionally left blank

1.0 Dispute Resolution Process – Overview

This *Dispute Rules Manual* is incorporated by reference into the Agreement and/or Operating Regulations between respectively, the Issuer, Acquirer or Merchant, and Discover Financial Services LLC, doing business as Discover® Network. 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 with Discover Network by Acquirers and Merchants 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 Network will perform the Dispute resolution functions described in these *Dispute Rules*. An Issuer may initiate Disputes with Discover Network 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 Network at the time the Dispute is initiated, as more fully described in these *Dispute Rules*. Discover Network receives, collects and compiles information and documentation regarding Disputes from Issuers. Discover Network subsequently sends Dispute Notices to Acquirers and Merchants notifying them of Disputes initiated with respect to their Card Transactions. Upon receipt from the parties involved in a Dispute of all required or available evidence regarding the Dispute and the underlying Card Transaction, Discover Network 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 Network 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 Network 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 The Role of Discover® Network in Disputes

Discover Network facilitates and impartially resolves Disputes in accordance with these *Dispute Rules*, subject to any custom terms that may be included in a particular Agreement, as described in Section 2.1.

Discover Network receives Disputes initiated by Issuers and provides Dispute Notices to Acquirers and Merchants. Discover Network also receives documentation in support of Disputes from Issuers. Following receipt of a Dispute and related documentation from the Issuer, Discover Network sends a Dispute Notice, including copies of all documentation received from the Issuer (upon the request of the Acquirer, Merchant or Issuer), to the appropriate Acquirer or Merchant. Discover Network receives responses to Dispute Notices and supporting documentation from the Acquirer or Merchant and, if necessary or appropriate, 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 Network investigates and resolves the Dispute following receipt of the Acquirer's or Merchant's response.

Discover Network relies on Issuers to ensure that Disputes they initiate are supported by accurate and complete information and documentation. Unless required by law, Discover Network will not contact a Cardholder directly to obtain information or documentation in support of a Dispute. If, during the Dispute investigation process, Discover Network determines that any documentation provided by the Acquirer or Merchant requires review by the Cardholder, Discover Network will forward the information or documentation to the Issuer for the Issuer to provide to the Cardholder.

Discover Network 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 Network 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. If an Acquirer or Merchant desires to review the documentation submitted by an Issuer in support of a Dispute, the Acquirer or Merchant may request such documentation from Discover Network. In addition, Discover Network 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 5.6.5.

Section 1.2.2 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 5.0. Section 2.1 of these *Dispute Rules* prescribes the deadlines Acquirers and Merchants must meet in responding to Dispute Notices and in requesting Representments. Section 9.0 sets forth the process by which an Issuer may request Discover Network's assistance in investigating a Cardholder or Issuer claim regarding a Card Transaction outside the standard timeframes for initiation of a Dispute challenging the Card Transaction.

Discover Network will notify the parties to a Dispute of Discover Network's decision regarding the Dispute within 5 Business Days of Discover Network's receipt of complete documentation regarding the Dispute from the Issuer and from the Acquirer or Merchant, in each case as required under these *Dispute Rules*. If the losing party objects to Discover Network's resolution of the Dispute, the losing party may appeal the decision by submitting a Dispute Arbitration request to Discover Network. Rules and procedures governing Dispute Arbitration requests are described in Section 7.0 of these *Dispute Rules*.

Inquiries regarding the status of Disputes must be directed to the Discover Network Dispute Department. Issuers may not contact Acquirers or Merchants, and Acquirers and Merchants may not contact Issuers or Cardholders, to determine the status of a Dispute.

1.2 The Role of Issuers in Disputes

Issuers must use the Discover Network Dispute System or another dispute resolution system approved by Discover Network 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

Network directly regarding a Dispute claim. The Issuer initiating a Dispute shall submit all available supporting documentation to Discover Network at the time the Dispute is initiated, 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 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 Network. Issuers are also responsible for forwarding to their Cardholders all Acquirer and Merchant responses forwarded by Discover Network to the Issuers. Failure by an Issuer to obtain accurate and complete information from the Cardholder and/or to submit required documentation to Discover Network and/or the Cardholder may result in Discover Network resolving the Dispute against the Issuer. Issuers may not contact Acquirers or Merchants directly (whether or not on behalf of a Cardholder) in an attempt to resolve existing Disputes independently of Discover Network. However, 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.

If the Issuer obtains new evidence supporting a Dispute after receipt of a Dispute resolution decision from Discover Network, the Issuer may request Dispute Arbitration with respect to the Dispute.

Issuers are responsible for internally resolving Cardholder claims that do not involve Discover Network 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 Network, and if the Issuer is permitted by applicable law to re-post the original Card Transaction amount to the Cardholder's Account, the Issuer must notify Discover Network of the resolution of the Dispute and shall provide Discover Network with any additional supporting detail regarding such resolution as Discover Network 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 Network to effect the re-posting of the original Card Transaction amount to the Cardholder's Account and the repayment to Discover Network of such amount. Discover Network will notify the corresponding Acquirer or Merchant within 5 Business Days of the date Discover Network 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 Settlement of the original Card Transaction amount.

In the event of insolvency by a Merchant that results in Disputes payable by Discover Network to the Issuer and its Cardholders and resulting in unrecovered losses to Discover Network, in each case due to the Merchant's failure to provide goods or services, Cash Advances and/or Cash Over purchased in a Card Transaction, the Issuer shall assist Discover Network, at Discover Network's expense, in obtaining an assignment by each affected Cardholder to

Discover Network 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 Network to the Cardholders and forwarding the Cardholders' responses to Discover Network.

1.2.1 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 Sale 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, or that the Merchant otherwise did not comply with its obligations in connection with the Card Transaction; or
- The Cardholder's Account is not in good standing, the Issuer is unable to collect the amount of the Card Transaction from the Cardholder and the Acquirer or Merchant failed to comply with these *Dispute Rules* or the applicable Operating Regulations.

Issuers may not initiate Disputes where the amount subject to Dispute is USD \$10.00 or less (or such higher or lower amount as may be associated with a particular Reason Code), unless the Card Transaction is an Automatic Payment Card Sale or the Card Transaction is part of a duplicate billing error, the sum of which Automatic Payments Card Sales or duplicate billing Card Transactions subject to Dispute is greater than USD \$10.00. Issuers are responsible for resolving all Cardholder claims involving an individual or sum total value of less than USD \$10.00 directly with the Cardholder without contacting Discover Network.

Issuers may not initiate Disputes regarding the currency conversions performed by Discover Network with respect to Card Transactions conducted in currencies other than U.S. Dollars.

1.2.2 Timing for Initiation of Disputes by Issuers

Except as otherwise provided in the Reason Codes described in Section 5.0, an Issuer may initiate a Dispute within 180 calendar days of the Processing Date of a Credit Card Transaction or within 100 calendar days of the Processing Date of a Debit Card Transaction or a Prepaid Card Transaction. Notwithstanding the foregoing, an Issuer may initiate Disputes (i) for fraud (UA Reason Codes identified in Section 5.12), Not Classified (Section 5.9.8), or Non-Receipt of Goods or Services (Section 5.9.9) within 365 calendar days of the Processing Date, and (ii) for Airlines (Section 5.9.1) or Cancelled Reservations (Section 5.9.6) within 2 years of the Processing Date. Issuers should refer to the specific timing requirements in the Reason Code associated with each Dispute type.

Discover Network will reject Disputes initiated outside of the standard initiation timeframes set forth in this Section 1.2.2 or in the particular Reason Code; however, in certain limited circumstances an Issuer may be able to obtain Discover Network's assistance in conducting a Good Faith Investigation of a claim regarding a Card Transaction outside of the standard Dispute initiation timeframes, as described in Section 9.0.

1.3 The Role of Acquirers in Disputes

Acquirers must use the Dispute File Format to respond to all Dispute Notices. Acquirers must respond to Discover Network 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 Network regarding Disputes and for obtaining accurate and complete information and documentation from their Merchants in preparing responses to Dispute Notices. Discover Network 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 Network to its Merchant, or failure by an Acquirer or Merchant to submit accurate and complete information and documentation to Discover Network in response to a Dispute Notice on a timely basis, may result in Discover Network resolving the Dispute against the Acquirer or Merchant.

Acquirers and their Merchants are not permitted to contact Issuers or Cardholders directly regarding Disputes; provided that Merchants may respond to inquiries or complaints received from Cardholders regarding claims underlying Disputes. Instead, Acquirers and Merchants should submit their responses to Disputes Notices to Discover Network. Discover Network will forward to the Issuer all information and documentation received from an Acquirer in response to a Dispute Notice as described in Section 1.1.

1.4 The 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 Discover Financial Services LLC (or any predecessor to Discover Financial Services LLC) have rights and responsibilities under these *Dispute Rules*. Such Merchants must use fax, mail, or the Dispute File Format to respond to all Dispute Notices. Merchants that are parties to Merchant Agreements with Discover Financial Services LLC must respond to Discover Network regarding Disputes on their own behalf. Failure by a Merchant to submit accurate and complete information and documentation to Discover Network in response to a Dispute Notice on a timely basis may result in Discover Network resolving the Dispute against the Merchant.

Merchants are not permitted to contact Issuers or Cardholders directly regarding Disputes; provided that Merchants may respond to inquiries or complaints received from Cardholders regarding claims underlying Disputes. Instead, Merchants should submit their responses to Disputes Notices to Discover Network. Discover Network will forward to the Issuer all information and documentation received from a Merchant in response to a Dispute Notice as described in Section 1.1.

This page intentionally left blank.

2.0 Response Timeframes

2.1 Response Period - Acquirers and Merchants

Upon initiation of a Dispute by an Issuer, Discover Network shall send a Dispute Notice to the Acquirer or Merchant involved in the underlying Card Transaction. In the case of an Inquiry Ticket Retrieval Request or Dispute Ticket Retrieval Request, Merchants and Acquirers have 22 calendar days from the issue date of the Ticket Retrieval Request to respond to Discover Network with any required documentation regarding the Card Transaction underlying the Dispute, unless (i) a custom timeframe has been previously negotiated between Discover Financial Services LLC and the Acquirer or Merchant (as reflected in the applicable Acquirer Agreement or Merchant Agreement), in which case the custom timeframe applies, or (ii) the Acquirer or Merchant is an International Acquirer or an International Merchant, in which case the Acquirer or Merchant has 30 calendar days to respond to the Ticket Retrieval Request. In the case of Chargebacks, Acquirers and Merchants have 60 calendar days from the date Discover Network issues the Chargeback Notice to make a Representment Request. If a custom timeframe applies to a Dispute, the appropriate due date for the Acquirer's or Merchant's response to a Dispute Notice will appear on the Dispute Notice

2.2 Exception – Natural Disaster Handling

In the event of a natural disaster, Discover Network 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 Discover Network's discretion, 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 creditable at Discover Network's sole discretion.

This page intentionally left blank.

3.0 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 5.0. All of the following information must be present in Transaction Documentation for all types of Card Sales:

- The Card Number, truncated where required by law;
- The Cardholder's name as it appears on the Card, if present;
- The Card expiration date, if present, unless prohibited by law;
- The Merchant's name and location (city/town and province/state) and Discover Network Merchant Number;
- The total dollar amount of the Card Transaction including tax and tip;
- A valid Cardholder's signature (except as otherwise provided in the Operating Regulations);
- The Authorization Code; and
- The 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;

Where Transaction Documentation is not required to include the quantity and a brief description of the goods and/or service purchased, you may be required to provide documentation disclosing this information to us in connection with a Dispute.

3.1.2 Additional Information Required for Swiped Card Transactions

In addition to the requirements set forth in Section 3.1.1, Transaction Receipts for Swiped Card Transactions, including Card Sales at Self-Service Terminals but not including Card Sales at CATs or in No Signature Required Card Sales, must include the Cardholder's valid, legible signature that matches the signature on the back of the Card used in the Card Sale, provided that the Merchant is not required to verify that the signature on the Transaction Receipt matches the Cardholder's signature on the Card where the Card used in the Card Sale or Cash Advance does not include a signature panel.

Contactless Card Transactions and Biometric Card Transactions constitute Swiped Card Transactions for purposes of these *Dispute Rules*, provided that Biometric Card Transactions will not be subject to Chargeback to an Acquirer or Merchant because the Authorization Request related to the Biometric Card Transaction did not include CVV Data.

3.1.3 Additional Information Required in Keyed Card Transactions

In addition to the requirements set forth in Section 3.1.1, Transaction Documentation for Keyed Card Transactions must include all of the following information:

- The Cardholder's valid, legible signature that matches the signature on the back of the Card used in the Card Sale, provided that the Merchant is not required to verify that the signature on the Transaction Documentation matches the Cardholder's signature on the Card used in the Card Sale or Cash Advance does not include a signature panel; and
- An imprint of the Card that complies with the requirements of the applicable Operating Regulations.

3.1.4 Additional Information Required in Card Not Present Card Transactions

In addition to the requirements set forth in Section 3.1.1, 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; and
- A notation that the Acquirer or Merchant obtained a valid Proof of Delivery from the courier service that delivered the goods as directed by the Cardholder.

3.1.5 Additional Information Required in Card Sales Involving Vehicle Rentals

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

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

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

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

- Dates of the stay, including check-in and check-out dates; and
- An itemization of charges, including room rate, taxes, food and beverage charges and incidental charges.

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

In addition to the requirements set forth in Section 3.1.1, for Card Sales at airline and passenger rail Merchants, Acquirers and/or Merchants must provide Discover Network 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; and
- Airline flight or railway itinerary information, if applicable.

3.1.8 Additional Information Required for Card Sales at CATs

In addition to the requirements set forth in Section 3.1.1, 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; and
- Invoice number/transaction reference number.

3.1.9 Additional Information Required for No Signature Required Card Sales

In addition to the requirements set forth in Section 3.1.1, Card Sales conducted by Merchants that are identified with the following MCCs will not be subject to Dispute for failure to obtain the Cardholder’s signature on the Transaction Receipt if (i) Track Data is transmitted to us with the Authorization Request, and (ii) the Card Sale amount is \$25.00 or less. Notwithstanding the foregoing, provided the other requirements in this Section 3.1.9 above are satisfied, Track Data is not required to be transmitted to us with the Authorization Request for a Biometric Card Transaction for such Card Sale to qualify as a No Signature Required Card Sale.

MCC	MCC Name
4111	Local Commuter Transport
4121	Taxicabs and Limousine
4131	Bus Lines
4784	Tolls and Bridge Fees
5411	Grocery Stores and Supermarkets
5499	Misc Food Stores
5541	Service Stations
5812	Eating Places and Restaurants
5814	Fast Food Restaurants
5912	Drug Stores/ Pharmacies
5994	News Dealers/ Newsstands
7211	Laundries
7216	Dry Cleaners
7338	Quick Copy/ Reproduction Services
7523	Parking Lots and Garages
7542	Car Washes
7832	Motion Picture Theatres

7841	Video Rental Stores
9402	Postal Stamps/ Postal Services

3.2 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.

3.3 Right of Issuer or Discover Network 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 does not contain all of the elements required in Section 3.1, the Issuer may initiate a Chargeback Request as described in Section 5.6 or Discover Network may process a Chargeback of the underlying Card Sale or Cash Advance as described in Section 5.6.5, subject to the requirements of these *Dispute Rules*, including use of the appropriate Reason Code.

4.0 Inquiry Ticket Retrieval Requests

4.1 Overview

An Inquiry 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 regarding the Card Transaction. Inquiry Ticket Retrieval Requests should be used when a Cardholder does not recognize a Card Transaction but is not alleging that the Card Transaction results from fraud.

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

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

4.2.1 Required Data Elements for Inquiry Ticket Retrieval Requests

Each Inquiry Ticket Retrieval Request initiated by an Issuer must include all of the following required data elements:

- The Card Number;
- The Cardholder's name as it appears on the Card, if present;
- The Card expiration date, if present;
- The Merchant's name and location (city/town and province/state) and Discover Network Merchant Number;
- The total dollar amount of the Card Transaction including tax and tip;
- The Authorization Code; and
- The Card Transaction date.

4.2.2 Timing

An Issuer may initiate an Inquiry Ticket Retrieval Request in accordance with the timing requirements set forth in Section 1.2.2.

4.2.3 Discover Network's Handling of Inquiry Ticket Retrieval Requests

Following an Issuer's initiation of an Inquiry Ticket Retrieval Request, Discover Network 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 response due date. Discover Network truncates the Card Number in Dispute Notices.

4.2.4 Incomplete Inquiry Ticket Retrieval Requests

If Discover Network receives an Inquiry Ticket Retrieval Request from an Issuer that is not in the form and format required by Discover Network or that

does not include all of the required elements, Discover Network will notify the Issuer of the rejection of the Inquiry Ticket Retrieval Request. Discover Network will not forward rejected Inquiry Ticket Retrieval Requests to the Acquirer or Merchant.

4.2.5 No Duplicate Inquiry Ticket Retrieval Requests

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

4.2.6 No Chargeback Rights for Failure to Respond to Inquiry Ticket Retrieval Request

An Inquiry Ticket Retrieval Request is used only to obtain a copy of Transaction Documentation regarding a Card Transaction or when a Cardholder does not recognize a Card Transaction but is not alleging that the Card Transaction resulted from fraud. An Inquiry Ticket Retrieval Request will not result in a Chargeback to the Acquirer or Merchant if the Acquirer or Merchant fails to respond. However, if an Acquirer or Merchant fails to respond to an Inquiry Ticket Retrieval Request within the required timeframe, an Issuer may request Discover Network to initiate a subsequent or new Dispute regarding the underlying Card Transaction.

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

4.3.1 Required Data Elements in Responses

Transaction Documentation provided in response to Inquiry Ticket Retrieval Requests must contain the data elements described in Section 3.0.

4.3.2 Deadline for Responses

The Acquirer or Merchant must respond to Discover Network with the requested documentation by the due date specified in Section 2.1. If the Acquirer or Merchant fails to respond to an Inquiry Ticket Retrieval Request, the Issuer may request Discover Network to process a Chargeback of the underlying Card Transaction to the corresponding Acquirer or Merchant. In addition, Discover Network may assess a Fee against the Acquirer or Merchant for its failure to respond to the Inquiry Ticket Retrieval Request.

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

4.4.1 Discover Network's Forwarding of Acquirer and Merchant Responses

Discover Network will transmit the documentation received from the Acquirer or Merchant in response to an Inquiry Ticket Retrieval Request to the Issuer within 5 Business Days following Discover Network's receipt of such documentation from the Acquirer or Merchant. Discover Network will notify an Issuer if the Acquirer or Merchant does not respond to an Inquiry Ticket

Retrieval Request and Discover Network will close the Dispute at the expiration of the response period set forth in Section 2.1.

4.4.2 Issuer's Obligation to Accept Substitute Transaction Documentation

An Issuer that initiates an Inquiry Ticket Retrieval Request relating to Transaction Documentation bearing the Cardholder's signature must accept Substitute Transaction Documentation bearing an electronic reproduction of the Cardholder's signature, 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 an Inquiry Ticket Retrieval Request as supporting evidence to initiate a Chargeback Request as long as the Chargeback Request is not being initiated due to the Merchant failing to provide a timely or complete response.

This page intentionally left blank.

5.0 Dispute Ticket Retrieval Requests and Chargebacks

5.1 Dispute Ticket Retrieval Request Overview

A Dispute Ticket Retrieval Request is a request by an Issuer, acting on its own behalf or on behalf of a Cardholder, for Transaction Documentation regarding a Card Transaction 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.

5.2 Rights and Responsibilities of an Issuer Initiating a Dispute Ticket Retrieval Request

Each Issuer must use the DNDS, or another previously agreed upon Dispute resolution system, for each Dispute Ticket Retrieval Request initiated on behalf of the Issuer or a Cardholder for Reason Codes indicated in Section 5.8. An Issuer may not re-initiate a Dispute Ticket Retrieval Request with respect to a Dispute Ticket Retrieval Request or Chargeback Request that Discover Network has previously resolved in favor of the Acquirer or Merchant.

5.2.1 Required Data Elements for Dispute Ticket Retrieval Requests

- Each Dispute Ticket Retrieval Request initiated by an Issuer must include all of the following data elements: The Card Number;
- The Cardholder's name as it appears on the Card, if present;
- The Card expiration date, if present;
- The Merchant's name and location (city/town and province/state) and Discover Network Merchant Number;
- The total dollar amount of the Card Transaction including tax and tip;
- The Authorization Code; and
- The Card Transaction date.

5.2.2 Timing

Each Dispute Ticket Retrieval Request initiated by an Issuer on its own behalf or on behalf of a Cardholder shall be initiated within the timeframe specified in Section 1.2.2 of these *Dispute Rules*.

5.2.3 Discover Network's Handling of Dispute Ticket Retrieval Requests

Following an Issuer's initiation of a Dispute Ticket Retrieval Request, Discover Network 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 relevant Transaction Documentation and will indicate the response due date. The Cardholder name will not be included on Dispute Notices for fraud-related Disputes or where prohibited by applicable law. Discover Network truncates the Card Number in Dispute Notices.

5.2.4 Incomplete Dispute Ticket Retrieval Requests

If Discover Network receives a Dispute Ticket Retrieval Request from an Issuer that is not in the form and format required by Discover Network or that does not include all of the required elements, Discover Network will notify the Issuer of the rejection of the Dispute Ticket Retrieval Request. Discover Network will not forward rejected Dispute Ticket Retrieval Requests to the Acquirer or Merchant.

5.2.5 No Duplicate Dispute Ticket Retrieval Requests

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

5.3 Rights and Responsibilities of Acquirers and Merchants Responding to Dispute Ticket Retrieval Requests

5.3.1 Required Data Elements in Responses

The Transaction Documentation provided to Discover Network by the Acquirer or Merchant must contain the data elements required in Section 3.0.

In addition to providing the required Transaction Documentation, the Acquirer or Merchant may include compelling evidence that supports the validity of the Card Transaction subject to Dispute in its response to a Dispute Ticket Retrieval Request. Examples of compelling evidence that the Acquirer or Merchant may provide are set forth under each Reason Code in Section 5.0.

5.3.2 Deadline for Responses

If the Acquirer or Merchant fails to provide a response to a Dispute Ticket Retrieval Request that complies with the requirements of these *Dispute Rules* by the due date specified in Section 2.1, Discover Network will resolve the Dispute against the Acquirer or Merchant and a Chargeback will be processed to the Acquirer or Merchant for the amount of the underlying Card Transaction that was subject to Dispute.

5.4 Receipt of Acquirer or Merchant Responses to Dispute Ticket Retrieval Requests

5.4.1 Discover Network's Resolution of the Dispute Ticket Retrieval Request

Discover Network will review the Transaction Documentation and other evidence provided by the Acquirer or Merchant in response to each Dispute Ticket Retrieval Request within 5 Business Days following Discover Network's receipt of documentation from the Acquirer or Merchant that complies with Section 4.3.1. After reviewing the information provided by the Issuer and the response and documentation provided by the Acquirer or Merchant, Discover Network will make a decision resolving the Dispute. If the decision is in favor of the Acquirer or Merchant, Discover Network will notify the Issuer that the Dispute case is closed and no Chargeback will be processed to the Acquirer or Merchant. If Discover Network decides the Dispute in favor of the Issuer, a

Chargeback will be processed against the Acquirer or Merchant and the Issuer will receive a credit for the amount of the underlying Card Transaction that was subject to Dispute. In some cases, such as Not Classified Disputes (Section 5.9.8) where the Cardholder challenges a Card Sale because the Cardholder does not recognize the transaction, Discover Network cannot resolve the Dispute without first forwarding the documentation provided by the Acquirer or Merchant to the Issuer for review after Discover Network has validated that the documentation contains the data elements described in Section 3.0.

5.4.2 Discover Network's Forwarding of Acquirer and Merchant Responses to Dispute Ticket Retrieval Requests

If necessary, Discover Network will transmit the documentation received from the Acquirer or Merchant in response to a Dispute Ticket Retrieval Request to the Issuer within 5 Business Days following Discover Network's receipt of documentation from the Acquirer or Merchant that complies with Section 4.3.1. Discover Network will notify an Issuer if the Acquirer or Merchant does not respond to a Dispute Ticket Retrieval Request and Discover Network will close the Dispute at the expiration of the response period set forth in Section 2.1 and process a non-response Chargeback.

5.4.3 Issuer's Obligation to Accept Substitute Transaction Documentation

An Issuer that initiates a Dispute Ticket Retrieval Request relating to Transaction Documentation bearing the Cardholder's signature must accept Substitute Transaction Documentation bearing an electronic reproduction of the Cardholder's signature, provided that the Substitute Transaction Documentation must be sufficiently legible to permit the Cardholder to recognize the Card Sale and identify the Card Number.

5.4.4 Issuer's Rights

An Issuer may use the Transaction Documentation received from a Dispute Ticket Retrieval Request as supporting evidence to initiate a Chargeback Request having the same Reason Code, or if the evidence supports the Dispute, the Issuer may request Discover Network to initiate a Chargeback Request using a different Reason Code.

5.5 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 to the Issuer and debit to the Acquirer or Merchant in the amount subject to the Dispute. Chargebacks can be processed as a result of an Acquirer's or Merchant's failure to provide a complete and timely response to a Dispute Ticket Retrieval Request or pursuant to a Chargeback Request initiated by an Issuer if the Issuer was not obligated to first initiate a Dispute Ticket Retrieval Request because the Issuer or Cardholder possessed compelling evidence in support of a Chargeback upon initiation of the Dispute. In addition, Discover Network may process Chargebacks for failure by the Acquirer or Merchant to comply with the applicable Operating Regulations as described in Section 5.6.5.

5.6 Chargebacks

5.6.1 Rights and Responsibilities of an Issuer Initiating a Chargeback Request

Each Issuer must use the DNDS or another previously agreed upon Dispute resolution system for each Chargeback Request initiated on behalf of the Issuer or a Cardholder for Reason Codes indicated in Section 5.8.

5.6.1.1 Requirements for Initiation of a Chargeback Request

If the Issuer has compelling evidence that supports a Dispute of a Card Transaction, Discover Network will not require the Issuer to first submit a Dispute Ticket Retrieval Request before initiating a Chargeback Request for the Card Transaction. Compelling evidence in the form of an image of documentation supporting the Chargeback Request must be submitted to Discover Network within 5 Business Days of the Issuer's initiation of the Chargeback Request except for Dispute Reason Codes related to Authorizations where the evidence is in the form of an electronic record. The content of an Acquirer's or Merchant's response to a Dispute Ticket Retrieval Request may serve as the compelling evidence necessary to support a Chargeback Request where Discover Network has resolved a Dispute initiated as a Dispute Ticket Retrieval Request in favor of the Acquirer or Merchant. An Issuer may not re-initiate a Dispute Ticket Retrieval Request with respect to a Dispute Ticket Retrieval Request or Chargeback Request that Discover Network has previously resolved in favor of the Acquirer or Merchant.

5.6.1.2 Required Data Elements for Chargeback Requests

Each Chargeback Request initiated by an Issuer must contain all of the data elements required for initiation of a Dispute Ticket Retrieval Request, as described under Section 5.2.1 above. In addition, each Chargeback Request must contain the following information:

- 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 identified in Sections 5.9-5.12.

Upon request by Discover Network, the Issuer shall also provide Discover Network 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);
- Assignment of claim by a Cardholder that received a refund; and
- Other documentation reasonably requested by Discover Network in its discretion.

5.6.1.3 Incomplete Chargeback Requests

If Discover Network receives a Chargeback Request from an Issuer that is not in the form and format required by Discover Network or that does not include all of the required elements or documentation, Discover Network will notify the Issuer of the rejection of the Chargeback Request. Discover Network will not forward rejected Chargeback Requests to the Acquirer or Merchant.

5.6.2 Discover Network's Obligation to Notify Acquirer or Merchant of Chargeback Requests

Discover Network will notify the Acquirer or Merchant of a complete and timely submitted Chargeback Request and will provide the reason for the Dispute and, if requested by the Acquirer or Merchant, the supporting evidence provided by the Issuer. Discover Network will process a Chargeback at the time it notifies the Acquirer or Merchant of the Issuer's Chargeback Request.

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

Upon receipt of a Chargeback Request from Discover Network, each Acquirer or Merchant is obligated to repay the amount of the resulting Chargeback to Discover Network. If the Acquirer or Merchant possesses compelling evidence that the Chargeback was improper, the Acquirer or Merchant shall provide such evidence to Discover Network and shall request a Representment as described in Section 6.0.

If Discover Network receives an incomplete Chargeback Request, including a Chargeback Request that does not comply with Section 5.3 or that is not supported by compelling evidence, Discover Network will not forward the Chargeback Request to the Acquirer or Merchant and Discover Network will not process a Chargeback to the Acquirer or Merchant for the disputed Card Transaction described in the incomplete Chargeback Request. In the event that Discover Network forwards a Chargeback Request to an Acquirer or Merchant that is later determined by Discover Network to be incomplete, Discover Network may process a Representment to the Issuer in the amount of the Chargeback. Acquirers and Merchants have no obligation to pay Discover Network for rejected or incomplete Chargeback Requests. If an Acquirer or Merchant receives a Chargeback and later determines that the related Chargeback Request was rejected by Discover Network or incomplete, the Acquirer or Merchant may submit a Representment Request to Discover Network as described in Section 6.0.

5.6.4 Discover Network's Decisions Regarding Chargeback Requests

Discover Network must receive compelling evidence supporting a Chargeback Request from the Issuer in an image file within 5 Business Days of the initiation of the Chargeback Request except for Dispute Reason Codes related to Authorizations where the evidence is in the form of an electronic record. If Discover Network does not receive the evidence supporting the Chargeback Request from the Issuer within the timeframe above or if Discover Network receives a Chargeback Request that does not comply with the requirements in Section 5.6, Discover Network is not obligated to notify the Acquirer or Merchant of the Chargeback Request or to process a Chargeback to the Acquirer or Merchant. If a Chargeback has already been processed to the Acquirer or Merchant, then Discover Network may process a Representment of the Card

Transaction to the Issuer for credit of the amount of the Chargeback to the Acquirer or Merchant.

5.6.5 Discover Network's Chargeback Rights

Discover Network may process a Chargeback of a Card Transaction to an Acquirer or Merchant if Discover Network determines that the Acquirer or Merchant did not comply with the requirements governing the Card Transaction in the applicable Operating Regulations. Discover Network will process such Chargebacks using the Reason Code described in Section 5.10.10.

5.7 Billing Error Notices and Notices of Error

5.7.1 Billing Error Notices

The provisions of this Section 5.7.1 apply only to Card Transactions involving Credit Cards. Nothing in this Section 5.7.1 or these *Dispute Rules* is intended to or should be construed to limit or alter an Issuer's obligations under Federal Reserve Regulation Z. Each Issuer that has entered into a Credit Issuer Agreement is responsible for its compliance with Regulation Z with respect to Billing Error Notices notwithstanding any provisions of these *Dispute Rules*. Except as otherwise provided in this Section 5.7.1, BEN Dispute Notices shall be subject to the same requirements as Dispute Ticket Retrieval Requests under this Disputes Rule Manual.

5.7.1.1 Cardholder Rights

A written claim received by an Issuer from a Cardholder that meets specific requirements is considered a Billing Error Notice ("BEN") and is governed by Federal Reserve Regulation Z and applicable state law. Cardholders may have additional or different rights provided by state law. A Cardholder claim generally must meet the following requirements to constitute a BEN:

- The claim must be in writing;
- Correspondence from the Cardholder regarding the claim must be received by the Issuer at the BEN address provided by the Issuer;
- Correspondence from the Cardholder regarding the claim must be received within two billing cycles of the statement date reflected on the billing statement on which the alleged invalid Card Transaction appeared;
- Correspondence from the Cardholder regarding the claim must contain sufficient information to allow the Issuer to identify the Cardholder's name and Card Number; and
- To the extent possible, the correspondence should indicate the Cardholder's belief and reasons for the belief that a billing error exists and the type, date and amount of the error.

5.7.1.2 Issuer Obligations

Issuers must submit BENs to Discover Network using the Discover Network Dispute System within 7 calendar days of receipt of the BEN from the Cardholder.

5.7.1.3 Issuer Obligations – Additional Requirements

In addition to meeting the requirements for BENs pursuant to applicable law, the Issuer must determine that at least one of the following additional requirements is reflected on or with the Cardholder's billing statement before submitting the BEN Dispute to Discover Network:

- Card Sale was not made to the Cardholder or another person with actual, implied or apparent authority to use the Card;
- Card Sale was not properly identified on the billing statement for the Card Account (e.g., a failure to include the Card Sale amount, date of the Card Sale, Merchant name or location);
- Card Sale involving a charge to the Card Account for goods, services or contributions, that was not accepted or delivered as agreed upon by the Cardholder and Merchant;
- A payment or credit was not applied to the Card Account;
- Cardholder does not recognize or has questions regarding the Card Sale and requests additional clarification, including documentation;
- There was a computational or similar error of an accounting nature; and
- The Issuer did not mail or deliver a periodic statement to the Cardholder's last known address at least 20 calendar days before the end of the billing cycle for which the statement was required.

5.7.1.4 Discover Network's Obligations

Discover Network will provide BEN Dispute Notices to the Acquirer or Merchant, as described in Section 5.2.3. Discover Network shall use commercially reasonable efforts to provide the Issuer with a response to all BEN Disputes within 60 calendar days of the date of receipt of notice of the BEN Dispute from the Issuer. Discover Network shall use commercially reasonable efforts to assist the Issuer with a reasonable investigation of the allegations in each BEN Dispute that are documented in the notice to Discover Network. The assistance provided by Discover Network shall include, without limitation, obtaining information and documentation from the Acquirer or Merchant in response to the BEN Dispute and providing such documentation to the Issuer.

5.7.1.5 Acquirer or Merchant Obligations

Upon receipt of each notice of a BEN Dispute, the Acquirer or Merchant shall respond to Discover Network with the requested documentation by the deadline specified in Section 2.1. If the Acquirer or Merchant fails to provide the requested documentation in a timely manner, Discover Network will process a Chargeback of the underlying Card Transaction to the Acquirer or Merchant in favor of the Cardholder.

5.7.2 Notices of Error

The provisions of this Section 5.7.2 apply only to Card Transactions involving Debit Cards and Payroll Cards. Nothing in this Section 5.7.2 or these *Dispute Rules* should be construed to limit or alter an Issuer's obligations under Federal Reserve Regulation E. Each Issuer of Debit Cards or Payroll Cards is responsible for its compliance with Federal Reserve Regulation E with respect to Notices of Error notwithstanding any provision of the *Dispute Rules*. Except

as otherwise provided in this Section 5.7.2, Notice of Error Dispute Notices shall be subject to the same requirements as Dispute Ticket Retrieval Requests under this Dispute Rules Manual.

5.7.2.1 Cardholder Rights

A written claim by a Cardholder to an Issuer of Debit Cards or Payroll Cards that meets specific requirements is considered an error and is governed by Federal Reserve Regulation E and applicable state law. Cardholders may have additional or different rights provided by state law.

A Cardholder claim generally must meet the following requirements to constitute a Notice of Error under Federal Reserve Regulation E:

- Notice of Error from the Cardholder must be received by the Issuer no later than 60 days after the Issuer sends the periodic statement or provides the passbook documentation on which the error is first reflected;
- While written or oral notification is allowed, the Issuer may require the Cardholder to give written confirmation of an error within 10 business days of an oral notice;
- Notice of Error must enable the Issuer to identify the Cardholder's name and Account number; and
- To the extent possible, the Notice of Error must indicate why the Cardholder believes an error exists and include the type, date, and amount of the error.

5.7.2.2 Issuer Obligations

Issuers must submit Notices of Error to the Discover Network Dispute System within 7 calendar days of receipt of the Notice of Error from the Cardholder.

5.7.2.3 Issuer Obligations – Additional Requirements

In addition to meeting the requirements for Notices of Error pursuant to applicable law, the Issuer must determine at least one of the following additional requirements is reflected on or with the Cardholder's billing statement before submitting the Notice of Error Dispute to Discover Network:

- An unauthorized electronic fund transfer occurred;
- An incorrect electronic fund transfer to or from Cardholder's Account occurred;
- An electronic fund transfer was omitted from a periodic statement;
- Issuer made a computational or bookkeeping error relating to an electronic fund transfer;
- Cardholder received an incorrect amount of money from an electronic terminal;
- An electronic fund transfer was not identified in accordance with Federal Reserve Regulation E as a receipt at an electronic terminal, a periodic statement, or a preauthorized transfer to Cardholder's account; or

- Cardholder requested documentation, additional information or clarification concerning an electronic fund transfer.

5.7.2.4 Discover Network’s Obligations

Discover Network will provide Notice of Error Dispute Notices to the Acquirer or Merchant, as described in Section 5.2.3. Discover Network shall use commercially reasonable efforts to provide the Issuer with a response to all Notice of Error Disputes within 60 calendar days of the date of receipt of the Notice of Error from the Issuer. Discover Network shall use commercially reasonable efforts to assist the Issuer with a reasonable investigation of the allegations in each Notice of Error Dispute that are documented in the notice to Discover Network. The assistance provided by Discover Network shall include, without limitation, obtaining information and documentation from the Acquirer or Merchant in response to the Notice of Error Dispute and providing such documentation to the Issuer.

5.7.2.5 Acquirer or Merchant Obligations

Upon receipt of each Notice of Error Dispute, the Acquirer or Merchant shall respond to Discover Network with the requested documentation by the deadline specified in Section 2.1. If the Acquirer or Merchant fails to provide the requested documentation in a timely manner, Discover Network will process a Chargeback of the underlying Card Transaction to the Acquirer or Merchant in favor of the Cardholder and Discover Network’s decision shall be final. The Acquirer or Merchant shall have no right to initiate a Representment Request or Dispute Arbitration with respect to such Card Transaction.

5.8 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 TF Reason Code described in Section 5.10.10, which is used by Discover Network 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 Network when initiating the Dispute, the information and documentation the Acquirer or Merchant must provide to Discover Network in responding to a Dispute Notice, the information considered by Discover Network when resolving the Dispute and the timeframes applicable to each step of the Dispute process. Issuers of Prepaid Gift Cards may only initiate Disputes using the SV Reason Code, as described in Section 5.10.9.

5.8.1 Reason Codes for Service Disputes

These Reason Codes apply to service-related Disputes and are appropriate for Disputes initiated as Dispute Ticket Retrieval Requests or as Chargeback Requests, depending on the supporting evidence available to the Cardholder or the Issuer at the time the Dispute is initiated. Detailed descriptions of each service Dispute Reason Code are set forth in **Section 5.9** below.

Reason Code	Dispute Reason	Section(s)
AL	Cardholder challenges the validity of an airline Card Sale.	5.9.1

AP	Cardholder challenges the validity of multiple Automatic Payment Card Sales after expiration or cancellation of the Automatic Payment Plan agreement.	5.9.2
AW	Cardholder alleges that the amount of a Card Transaction was altered without the Cardholder's consent or direction.	5.9.3
CA	Cardholder challenges the validity of a Cash Advance, Quasi Cash or Cash Over transaction, other than a Discover Network ATM Transaction.	5.9.4
CD	Cardholder challenges the validity of a Card Transaction because the transaction should have resulted in a Credit rather than a Card Sale.	5.9.5
CR	Cardholder challenges the validity of a Card Transaction because the Cardholder cancelled the underlying reservation with the Merchant.	5.9.6
DP	Cardholder alleges that a single Card Sale was posted more than once to the Cardholder's Account.	5.9.7
NC	Cardholder challenges the validity of a Card Sale and no other Reason Code applies.	5.9.8
RG	Cardholder challenges the validity of a Card Sale due to non-receipt of goods and/or services.	5.9.9
RM	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.	5.9.10
RN	Cardholder alleges that an expected Credit from the Merchant was not received or was insufficient in amount (sub-Reason Codes are RN1 and RN2).	5.9.11 and 5.9.12

5.8.2 Reason Codes for Processing Error Disputes

These Reason Codes apply only to Chargeback Requests. These Reason Codes represent processing error related Disputes and may not require the Issuer to submit a Dispute 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. Issuers initiating Chargeback Requests must provide Discover Network with compelling (documentary) evidence supporting the following Reason Codes in an image file that must be delivered to Discover Network within 5 Business Days of the initiation of the Chargeback Request. An Issuer may submit documentary evidence received from the Acquirer or Merchant in a response to a Ticket Retrieval Request as compelling evidence to support the Chargeback Request. Detailed descriptions of each processing error Reason Code are set forth in Section 5.10 below.

Reason Code	Dispute Reason	Section(s)
DA	Issuer challenges the validity of a Card Sale because the Merchant received a declined Authorization Response and the Issuer cannot collect the Card Sale amount from the Cardholder. Issuer must provide valid legible proof that a declined Authorization Response was provided in response to the Authorization Request.	5.10.1
DP	Cardholder alleges that a single Card Sale was posted more than once to the Cardholder's Account. The Issuer must provide valid legible proof of each of the following: that all disputed Card Sales were for the same dollar amount, on the same date, on the same Account, took place at the same Merchant location and that the Cardholder received the benefit of a single Card Sale.	5.10.2
EX	Cardholder or Issuer challenges the validity of a Card Sale because the Card had expired at the time the Card Sale was processed. Issuer must provide valid legible proof the Card had expired at the time of the Card Sale.	5.10.3
IC	Cardholder or Issuer disputes a Card Sale because Transaction Documentation received in response to a Ticket Retrieval Request is either illegible or is missing a valid legible Card imprint (if required).	5.10.4
IN	Issuer disputes a Card Transaction because the Card Number provided by the Merchant is not valid. Issuer must provide valid legible proof that the Card Number is neither assigned nor valid.	5.10.5
IS	Cardholder or Issuer disputes a Card Sale because Transaction Documentation received in response to a Ticket Retrieval Request does not include a valid legible Cardholder signature. Issuer must provide valid legible proof the Transaction Documentation does not display a valid Cardholder signature.	5.10.6
LP	Cardholder or Issuer disputes a Card Sale because the Acquirer or Merchant submitted Sales Data for the Card Sale more than 30 calendar days after the Authorization Request and the Card Sale was not for a delayed delivery Card Sale. Issuer must provide valid legible proof that Sales Data for the disputed Card Sale was submitted more than 30 calendar days after the date of the Authorization Request.	5.10.7

Reason Code	Dispute Reason	Section(s)
NA	Issuer disputes a Card Sale because the Merchant did not obtain a positive Authorization Response and the Issuer cannot collect the Card Sale amount from the Cardholder.	5.10.8
SV	Cardholder or Issuer disputes a Prepaid Gift Card Transaction because the Merchant did not obtain a positive Authorization Response for the total amount of the disputed Card Sale.	5.10.9
TF	Discover Network initiates a Chargeback of a Card Transaction because the Acquirer or Merchant did not comply with the applicable Operating Regulations and Discover Network identified such noncompliance after receiving the response to a Ticket Retrieval Request.	5.10.10

5.8.3 Reason Codes for Discover Network ATM Transactions

Issuers must use the appropriate Reason Code when initiating a Dispute regarding a Discover Network ATM Transaction. Disputes relating to Discover Network ATM Transactions must be initiated by a Dispute Ticket Retrieval Request. Detailed descriptions of each Discover Network ATM Transaction Reason Code are set forth in Section 5.11 below.

Reason Code	Dispute Reason	Section(s)
TNM	Cardholder challenges the validity of the Cash Advance because the Cardholder does not recognize the transaction billed to the Account.	5.11.1
P	Cardholder challenges the location at which a Cash Advance took place or the amount of cash dispensed.	5.11.2
N	Cardholder alleges that he or she was present at the ATM but received no funds.	5.11.3
DPI	Cardholder alleges that he or she was charged twice for the same Discover Network ATM Transaction.	5.11.4

5.8.4 Reason Codes for Fraud Disputes

The following Reason Codes are selected by Issuers at the time of initiation of UA Disputes as Dispute Ticket Retrieval Requests where the Issuer’s security personnel seek Card Transaction information in connection with a fraud investigation.

Reason Code	Dispute Ticket Retrieval Request Reason	Section(s)
UA10	Request Transaction Receipt for Swiped Card Transaction.	5.12.2.1
UA20	Request Transaction Documentation for Keyed Card Transaction.	5.12.2.2
UA30	Request Transaction Documentation for Card Not Present Card Transaction.	5.12.2.3

The following are sub-Reason Codes that Discover Network adds to UA10, UA20 or UA30 Dispute Ticket Retrieval Requests when the Dispute Ticket Retrieval Request results in a Chargeback. Discover Network uses these sub-Reason Codes during resolution of Disputes alleging fraud.

Sub-Reason Code	Dispute Reason	Section(s)
UA11	Swiped Card Transaction – No Cardholder signature obtained	5.12.2.4
UA12	Swiped Card Transaction – Invalid Cardholder signature obtained	5.12.2.5
UA18	Swiped Card Transaction – Illegible copy of Transaction Receipt	5.12.2.6
UA21	Keyed Card Transaction – No Cardholder signature obtained	5.12.2.7
UA22	Keyed Card Transaction – Invalid Cardholder signature obtained	5.12.2.8
UA23	Keyed Card Transaction – Invalid Card imprint	5.12.2.9
UA28	Keyed Card Transaction – Illegible copy of Transaction Documentation	5.12.2.10
UA31	Card Not Present Card Transaction – Invalid Proof of Delivery obtained by Acquirer or Merchant	5.12.2.11
UA38	Card Not Present Card Transaction- Illegible copy of Transaction Documentation	5.12.2.12

Note: All UA Dispute sub-Reason Codes listed are added to the Dispute case history during processing of the Dispute by Discover Network and will be viewable by the Issuer in the DNDS. UA Dispute sub-Reason Codes or relevant descriptions will be provided to the Acquirer or Merchant within their Dispute Notice.

The following Reason Codes are selected by Issuers at the time UA Disputes are initiated as Chargeback Requests where the Issuer possesses compelling evidence of fraud in connection with the underlying Card Transaction.

Reason Code	Chargeback Request Reason	Section(s)
UA01	Cardholder or Issuer challenges the validity of a Card Sale because no Authorization Request was attempted by the Merchant.	5.12.3.1
UA02	Cardholder or Issuer challenges the validity of a Card Sale because the Issuer provided a declined Authorization Response.	5.12.3.2
UA03	Cardholder or Issuer challenges the validity of a Card Sale because the amount billed to the Cardholder exceeds amount Authorized by the Issuer.	5.12.3.3
UA32	Cardholder or Issuer challenges the validity of a Card Not Present Card Transaction because the Acquirer or Merchant did not obtain Address Verification or did not obtain and submit the CID with the Authorization Request.	5.12.3.4
UA99	Cardholder or Issuer challenges the validity of a Card Sale and the Acquirer or Merchant did not comply with the applicable Operating Regulations in connection with the Card Sale. Issuer must provide compelling evidence that the Acquirer or Merchant did not comply with its obligations under the Operating Regulations in connection with the Card Sale.	5.12.3.5

Detailed descriptions of each UA Dispute Reason Code and sub-Reason Code are set forth in Section 5.12 below.

5.9 Reason Code Rules for Service Disputes

The following Reason Codes apply to service-related Disputes. These Disputes may be initiated as Dispute Ticket Retrieval Requests or as Chargeback Requests, depending on the supporting evidence available to the Cardholder or the Issuer at the time the Dispute is initiated. The Dispute may be initiated as a Chargeback Request if the Issuer provides compelling evidence in support of the Dispute as described in Section 5.6 and the applicable Reason Code requirements.

In the event of a conflict between the timeframes for initiation of Disputes described in this Section 5.9 and the timeframes for the initiation of Disputes described in Section 1.2.2 of these *Dispute Rules*, the timeframes in this Section 5.9 shall govern.

5.9.1 AL - Airline Transaction Dispute

AL is the Reason Code used for all Dispute Ticket Retrieval Requests and Chargeback Requests involving an airline Merchant, except for Disputes involving allegedly fraudulent Card Transactions in which case the Reason Codes indicated in Section 5.12 shall apply.

The Cardholder must first attempt to resolve the claim directly with the airline 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 AL Reason Code.

Airline Merchants may require a letter from the Cardholder outlining the nature and detail of the Dispute. The Issuer may request this letter from the Cardholder or may submit a generic letter to Discover Network. The Issuer shall create and follow internal guidelines for the delivery timeframe and content of the required Cardholder letter. Discover Network will send the letter to the Acquirer or Merchant, or will make the letter available for viewing through the DNDS, within 5 Business Days of Discover Network's receipt of the letter from the Issuer. If a Dispute is initiated and the letter is never received from the Issuer, the Dispute may be closed in favor of the Acquirer or Merchant.

AL Reason Code Eligibility Rules

This Reason Code is valid for qualifying airline Disputes only and may not be used for "inconvenience" Disputes. If the Cardholder provides compelling evidence supporting the validity of the Dispute, the Issuer may initiate the AL Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence supporting the validity of the Dispute, the Issuer must initiate a Dispute Ticket Retrieval Request.

The following are examples of when it is appropriate to use the AL Reason Code:

- Cardholder billed twice for the same fare;
- Cardholder did not receive ticket via mail and purchased another ticket;
- Cardholder quoted one fare but charged a higher fare;
- Cardholder has not received credit for unused tickets/flight coupons;
- Cardholder submitted lost ticket application but received only partial credit;
- Cardholder did not receive ticket via mail and did not travel;
- Cardholder advised ticket was voided, but still charged; or
- Airline has ceased operations.

Issuer Initiation Timeframe

Issuers may initiate AL Disputes up to 180 calendar days from the scheduled departure date for Credit Card Transactions and 100 calendar days from the scheduled departure date for Debit Card Transactions and Prepaid Identity Known Card Transactions, but in each case not to exceed 2 years from the Processing Date.

Issuer Initiation Rules

- An Issuer initiating a Dispute Ticket Retrieval Request in connection with an AL Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an AL Dispute must comply with the requirements of Section 5.6. Examples of compelling evidence an Issuer may provide to Discover Network to initiate an AL Dispute as a Chargeback Request include: the Cardholder's unused ticket or a copy of an original ticket with proof that the Cardholder did not use the ticket, evidence of the purchase of an electronic ticket (e.g., electronic ticket confirmation number), approved lost ticket application or signed airline dispute letter.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an AL Dispute Notice within the applicable timeframe set forth in Section 2.1. The following are examples of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to an AL Dispute Notice:

- Correct fare was quoted to Cardholder;
- Airline cancelled original ticket;
- Credit for duplicate charges was completed or multiple charges were related to separate tickets;
- Airline completed Credit;
- Full credit has been issued for lost ticket application;
- Partial credit has been issued for lost ticket application;
- Lost ticket application submitted was not valid;
- Cardholder used ticket;
- Credit has been issued for disputed amount or ticket was used;
- Airline provided service or Credit was issued for disputed amount; or
- Discover Network did not receive valid legible assignment letter signed by the Cardholder for bankrupt airline dispute within 5 Business Days of Dispute initiation.

5.9.2 AP – Automatic Payment

The AP Reason Code is valid for Dispute Ticket Retrieval Requests and Chargeback Requests relating to Card Sales that posted to the Account after the expiration of the Automatic Payment Plan or after the Cardholder cancelled the Automatic Payment Plan.

AP Reason Code Eligibility Rules

This Reason Code is valid for qualifying Dispute Ticket Retrieval Requests and Chargeback Requests that involve the same Card Number, the same Discover Network Merchant Number and the same Card Sale amount billed to the Account after the date that the Automatic Payment Plan expired or the Cardholder cancelled the Automatic Payment Plan; provided that the Automatic Payment Plan does not require the Cardholder to pay the amount(s) subject to Dispute. The AP Reason Code may also be used valid for qualifying Chargeback Requests against a Merchant operating in an MCC that is ineligible to enter into Automatic Payment Plans. 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 Network that the Automatic Payment Plan expired or that the Cardholder cancelled the Automatic Payment Plan with the Merchant before the Disputed Card Sales posted to the Cardholder's Account and that the Automatic Payment Plan did not require the Cardholder to pay the amount(s) subject to Dispute. Compelling evidence of the expiration or cancellation of the Automatic Payment Plan includes: the reason, method, cancellation number or other documentary evidence that the Automatic Payment Plan expired or that the Cardholder cancelled the Automatic Payment Plan with the Merchant. The Issuer should also submit a copy of the Automatic Payment Plan to Discover Network to indicate that the Automatic Payment Plan did not require the Cardholder to pay the amount(s) subject to Dispute. Additional compelling evidence an Issuer may submit to support initiation of an AP Dispute as a Chargeback Request is that the Merchant operates in an MCC that is ineligible to enter into Automatic Payment Plans.

Issuer Initiation Timeframe

Issuers may initiate AP Disputes during the periods prescribed in Section 1.2.2. The cancellation date of the Automatic Payment Plan must have been at least 15 calendar days prior to the date the most recent Disputed Card Sale posted to the Cardholder's 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

Upon initiation of a Chargeback Request for an AP Dispute, the Issuer must provide the Cardholder's compelling evidence described above in support of the AP Dispute to Discover Network in accordance with Section 5.6.

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. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network supporting a response to an AP Dispute Notice:

- Transaction Documentation signed by the Cardholder indicating that the Cardholder authorized each of the posted Card Sales;
- Evidence that the Cardholder did not cancel the Automatic Payment 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 Sales were processed correctly;
- Evidence that the Acquirer or Merchant issued Credit(s) to the Cardholder's Account for the amount(s) subject to Dispute; or
- A term of the Automatic Payment Plan that requires the Cardholder to pay the amount(s) subject to Dispute, notwithstanding the termination or cancellation of the Automatic Payment Plan.

5.9.3 AW - Altered Amount

The AW Reason Code is valid for a Dispute Ticket Retrieval Request or Chargeback Request relating to a Card Sale (other than a Discover Network ATM Transaction) when the Cardholder claims that the Card Sale amount agreed to by the Cardholder was altered without the Cardholder's consent or direction after the Cardholder signed the Transaction Documentation.

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

- Cardholder signed and agreed to the amount indicated on the Transaction Documentation; however, a different amount posted to the Cardholder's Account;
- Cardholder agreed to a tip amount by signing the Transaction Documentation, but a different tip amount posted to the Cardholder's Account; or
- Cardholder quoted and agreed to a certain Card Sale amount, but a different amount posted to the Cardholder's Account.

AW Reason Code Eligibility Rules

This Reason Code is valid for qualifying altered amount Disputes where the Card Sale amount charged by a Merchant to the Cardholder's Account exceeded 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 Dispute Ticket Retrieval Request.

Issuer Initiation Timeframe

Issuers may initiate AW Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with an AW Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an AW Dispute must comply with the requirements of Section 5.6.

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. Each of the following is an

example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an AW Dispute Notice:

- Evidence of a Credit issued to the Cardholder's Account to correct the error;
- Evidence that the Cardholder is responsible for the additional charges; or
- Evidence that no alteration was made to the Transaction Documentation after the Cardholder signed it.

5.9.4 CA – Cash Advance Dispute

The CA Reason Code is valid for Dispute Ticket Retrieval Requests and Chargeback Requests relating to Cash Advances or Cash Over transactions (other than Discover Network ATM Transactions) when the Cardholder claims that the Cash Advance or Cash Over transaction was not completed as expected.

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

- Cardholder authorized the amount indicated on and signed the Transaction Documentation, but a different amount of cash was provided and or posted to the Cardholder's Account;
- Cardholder did not receive cash;
- Cash Advance transaction posted to Cardholder's Account even though Cardholder properly cancelled the transaction; or
- Cardholder did not request Cash Over as part of a purchase of goods and did not receive cash.

CA Reason Code Eligibility Rules

This Reason Code is valid for qualifying Cash Advance and Cash Over transactions where the Cardholder is currently in possession of the Card (i.e. does not allege that the Cash Advance or Cash Over transaction resulted from fraud) and challenges the validity of a Cash Advance or Cash Over transaction that posted to the Cardholder's Account. If the Cardholder provides compelling evidence supporting the Dispute at the time of initiation of the Dispute, the Issuer may initiate the CA Dispute as a Chargeback Request. If the Cardholder does not provide compelling evidence supporting the Dispute at the time the Dispute is initiated, the Issuer must initiate a Dispute Ticket Retrieval Request.

Issuer Initiation Timeframe

Issuers may initiate CA Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with a CA Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with a CA Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a CA 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 Network in response to a CA Dispute Notice:

- Transaction Documentation signed by the Cardholder indicating the Cardholder agreed to the Cash Advance or Cash Over transaction;
- Evidence that the Cardholder received the cash; or
- Evidence that a Credit was issued to the Cardholder's Account to correct the error.

5.9.5 CD - Credit Posted as Card Sale

The CD Reason Code is valid for a Dispute Ticket Retrieval Request or Chargeback Request relating to a claim by a Cardholder that the Cardholder was charged for a Card Sale (other than a Discover Network ATM Transaction) by a Merchant that should have issued a Credit or refund to the Cardholder.

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 Credit, however a Card Sale rather than a Credit was posted to the Cardholder's Account.

CD Reason Code Eligibility Rules

This Reason Code is valid for qualifying Disputes where the Cardholder claims to have been charged for a Card Sale by a Merchant that should have issued a Credit to the Cardholder's Account. If the Cardholder provides compelling evidence at the time the Dispute is initiated, the Issuer may initiate the CD 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 Dispute 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 5.6, the Issuer must obtain from the Cardholder and provide to Discover Network 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 or Transaction Receipt reflecting Merchant's promise of a Credit;
- Credit confirmation number if Card Not Present Card Transaction; and
- Any correspondence from the Merchant promising a refund or Credit.

Issuer Initiation Timeframe

Issuers may initiate CD Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with a CD Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with a CD Dispute must comply with the requirements of Section 5.6.

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. The following are examples of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a CD Dispute Notice:

- Transaction Documentation signed by the Cardholder indicating the Cardholder agreed to the Card Sale;
- Evidence that Cardholder received the purchased goods and/or services and a Card Sale was completed correctly; and
- Evidence that a Credit was made to the Cardholder's Account to correct the error.

5.9.6 CR – Cancelled Reservation

The CR Reason Code is valid only for Merchants operating in the direct marketing, food services, fast food, cruise line, transportation, lodging and vehicle rental industries, and is used for a Dispute Ticket Retrieval Request or Chargeback Request relating to a claim by a Cardholder that the Cardholder was charged for use of reserved goods or services that the Cardholder did not use and after the Cardholder cancelled the related reservation.

CR Reason Code Eligibility Rules

This Reason Code is valid for qualifying Disputes where the Cardholder claims to have been charged for use of reserved goods or services after the Cardholder cancelled the related reservation and did not use the goods or services. If the Cardholder provides compelling evidence at the time the Dispute is initiated, the Issuer may initiate the CR 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 Dispute Ticket Retrieval Request.

If an Issuer initiates a CR Dispute as a Chargeback Request, in addition to the standard information required for initiation of a Chargeback Request under Section 5.6, the Issuer must obtain from the Cardholder and provide to Discover Network at the time the Chargeback Request is initiated, all of the following information:

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

Issuer Initiation Timeframe

Issuers may initiate CR Disputes up to 180 calendar days from the scheduled event date for Credit Card Transactions and 100 calendar days from the scheduled event date for Debit Card Transactions and Prepaid Identity Known Card Transactions, but in either case not more than 2 years from the Processing Date. 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 Dispute Ticket Retrieval Request in connection with a CR Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with a CR Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

- Acquirers or Merchants must respond to CR Dispute Notices 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 Network in response to a CR Dispute Notice:
- Transaction Documentation signed by the Cardholder indicating that the Cardholder authorized the Card Sale;
- 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; or
- Evidence that a Credit was made to the Cardholder's Account to correct the error.

5.9.7 DP - Duplicate Processing

The DP Reason Code is valid for a Dispute Ticket Retrieval Request related to a claim by a Cardholder that the Cardholder was charged two or more times for the same Card Sale (other than a Discover Network ATM Transaction) completed using the same Card Number at the same Discover Network Merchant Number for an amount that varied by no more than 20% from the amount approved by the Cardholder and where the Cardholder did not receive the benefit of more than one Card Sale.

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

- Cardholder made one purchase but two or more Card Sales posted to the Cardholder's Account for the single purchase; or
- Multiple Card Sales posted to the Cardholder's Account on the same date, for a dollar amount difference of no more than 20% from the amount of the Card Sale approved by the Cardholder and at the same Merchant, and Cardholder demonstrates that benefits were not received for each of the amounts billed to the Account.

Issuer Initiation Timeframe

Issuers may initiate DP Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with a DP Dispute must comply with the requirements of Section 5.2.

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. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to a DP Dispute Notice:

- Separate Transaction Documentation either signed or authorized by the Cardholder for the amount of each Card Sale billed to the Account; or
- Evidence that the Merchant or Acquirer issued a Credit(s) to the Cardholder's Account for each duplicate Card Sale.

5.9.8 NC – Not Classified

The NC Reason Code may be used by an Issuer for a Dispute Ticket Retrieval Request or Chargeback Request describing a Cardholder's claim that a Card Sale (other than a Discover Network ATM Transaction) is invalid where the Cardholder's claim cannot be classified under another Reason Code.

NC Reason Code Eligibility Rules

This Reason Code is valid for qualifying Disputes relating to Card Sales other than Cash Advances, Cash Over, or Automatic Payment transactions and where the Cardholder's efforts to resolve the claim directly with the Merchant were unsuccessful. 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 NC Reason Code.

Issuer Initiation Timeframe

Issuers may initiate NC Disputes up to 365 calendar days from the Processing Date for Credit Card Transactions, Debit Card Transactions and Prepaid Identity Known Card Transactions, but not more than 60 calendar days from the Dispute Ticket Retrieval Request close date.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with an NC Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an NC Dispute must comply with the requirements of Section 5.6 and the Issuer must have received an Acquirer or Merchant response to a Dispute Ticket Retrieval Request that did not satisfy the Dispute of the Card Sale.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an NC 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 Network in response to an NC Dispute Notice:

- Transaction Documentation signed by the Cardholder indicating the Cardholder agreed to the Card Sale;
- Evidence that the Cardholder received the purchased goods and/or services and the Card Sale was completed correctly; or
- Evidence that the Merchant or Acquirer issued Credit(s) to the Cardholder's Account for the Card Sale(s) subject to Dispute.

5.9.9 RG – Non-Receipt of Goods or Services

Issuers may use the RG Reason Code for a Dispute Ticket Retrieval Request or Chargeback Request describing a claim by a Cardholder that the Cardholder was charged for a Card Sale (other than a Discover Network ATM Transaction) by a Merchant but never received the goods and/or services.

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

- Cardholder ordered goods and/or services and never received the requested goods or services and the Card Sale posted to the Cardholder's Account;
- Cardholder refused delivery of goods and/or services and the Card Sale posted to the Cardholder's Account; or
- Cardholder cancelled order for goods and/or services and the Card Sale posted to the Cardholder's Account.

RG Reason Code Eligibility Rules

This Reason Code is valid for qualifying Disputes 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.

Issuer Initiation Timeframe

Issuers may initiate RG Disputes between 30 days after the date of promised delivery (if the Merchant provided a promised delivery date) up to 365 calendar days from the Processing Date. 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 Dispute Ticket Retrieval Request in connection with an RG Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an RG Dispute must comply with the requirements of Section 5.6. The following is an example of the compelling evidence an Issuer may provide to Discover Network in connection with initiation of an RG Dispute Chargeback Request: proof that the Cardholder cancelled the Card Sale or refused delivery of the goods and/or services by providing a cancellation reason, method, number or by demonstrating that the goods were not received.

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. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an RG Dispute Notice:

- Transaction Documentation signed by the Cardholder indicating the Cardholder agreed to the Card Sale;
- Evidence that the Cardholder did not cancel the order for goods and/or services 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;
- Evidence that the Merchant or Acquirer issued Credit(s) to the Cardholder's Account for the amount(s) subject to Dispute; or
- Proof of Delivery indicating that the Merchant delivered the goods and/or services as directed by the Cardholder.

5.9.10 RM – Cardholder Disputes Quality of Goods or Services

The RM Reason Code is valid for a Dispute Ticket Retrieval Request or Chargeback Request relating to a claim by a Cardholder that the Cardholder was charged for a Card Sale (other than a Discover Network ATM Transaction) 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 does not recognize the Card Sale;
- Cardholder claims that the quality of goods or services received from the Merchant were not as expected or advertised;
- 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 Cardholder's Account; or
- 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 US 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 US Dollars by Discover Network. 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 qualifying Disputes 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. In addition, before an Issuer may initiate an RM Dispute, the Issuer must have first initiate an Inquiry Ticket Retrieval Request for the underlying Card Sale and either (i) received a response to the Inquiry Ticket Retrieval Request that did not resolve the Dispute, or (ii) not received a response to the Inquiry Ticket Retrieval Request within the required timeframe. If the Cardholder provides compelling evidence at the time the Dispute is initiated, 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 Dispute Ticket Retrieval Request. Each of the following is an example of compelling evidence in support of an RM Dispute Chargeback:

- Evidence that the Cardholder did not receive the quality of goods or services as expected or advertised; or
- A cancellation reason, method, number or evidence that the goods or services were not received or provided as expected or advertised.
- Issuers may not use the RM Reason Code for “ancillary” Disputes. Ancillary Disputes arise when a service provided causes an unexpected problem not directly related to the Disputed Card Sale.

RM Reason Code Eligibility Rules – Not Applicable to Inconvenience Claims

Issuers may not use the RM Reason Code 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.

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	<ul style="list-style-type: none"> • Items were damaged

Issuer Initiation Timeframe

Issuers may initiate RM Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with an RM Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an RM Dispute must comply with the requirements of Section 5.6.

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. Each of the following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to a RM Dispute Notice:

- Transaction Documentation signed by the Cardholder indicating that the Cardholder approved the quality of goods or services;
- Evidence that the Merchant or Acquirer issued Credit(s) to the Cardholder's 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; or
- Evidence that the Merchant, International Merchant, Acquirer or International Acquirer did not conduct a currency alteration/substitution in connection with the Card Sale.

5.9.11 RN1 – Additional Credit Requested

The RN1 Reason Code may be used by Issuers for a Dispute Ticket Retrieval Request or Chargeback Request relating to a Cardholder claim that the amount of a Credit that posted to the Cardholder's Account was not as expected.

The following are examples of when an Issuer may use the RN1 Reason Code

- Cardholder claims that the amount of a Credit received from the Merchant was not the amount expected by the Cardholder;
- Cardholder refused delivery of goods or services and the amount of the Credit received by the Cardholder was not for the entire amount of the order, excluding disclosed restocking or non-refundable shipping charges; or
- Cardholder returned goods to the Merchant and received a promise of Credit but the Credit amount that was posted to the Cardholder's Account was not the amount expected by the Cardholder.

RN1 Reason Code Eligibility Rules

This Reason Code is valid for qualifying Disputes where the Cardholder claims that a Credit issued by a Merchant was not in the amount expected by the Cardholder. If the Cardholder provides compelling evidence at the time the Dispute is initiated, the Issuer may initiate the RN1 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 Dispute Ticket Retrieval Request.

Issuer Initiation Timeframe

Issuers may initiate RN1 Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with an RN1 Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an RN1 Dispute must comply with the requirements of Section 5.6. An example of the compelling evidence an Issuer may provide to Discover Network to support an RN1 Dispute Chargeback Request is: Transaction Documentation signed by an authorized agent of the Merchant documenting that the Cardholder returned purchased goods and was promised a Credit in a different amount than the Credit that posted to the Cardholder's Account.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to an RN1 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 Network in connection with a response to an RN1 Dispute Notice:

- Transaction Documentation signed by the Cardholder 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 the amount of the Credit that posted to the Cardholder's Account was the correct amount;
- Evidence that a Credit was made to the Cardholder's Account to correct the error;
- Evidence that a Credit is not due because the Cardholder did not return the goods to the Merchant; or
- Evidence that an in-store credit was issued in accordance with the Merchant's established policy.

5.9.12 RN2 – Credit Not Received

The RN2 Reason Code is valid for a Dispute Ticket Retrieval Request or Chargeback Request relating to a Cardholder claim that a Credit promised by the Merchant was not credited to the Cardholder's Account.

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

- Cardholder has not received an expected Credit;
- Cardholder refused delivery of goods or services and has not received a Credit from the Merchant; or
- Cardholder returned goods to the Merchant and received a promise of Credit but a Credit has not posted to the Cardholder's Account.

RN2 Reason Code Eligibility Rules

This Reason Code is valid for qualifying Disputes where the Cardholder claims that a promised Credit has not been received. If the Cardholder provides compelling evidence at the time the Dispute is initiated, the Issuer may initiate the RN2 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 Dispute 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 5.6, the Issuer must obtain from the Cardholder and provide to Discover Network at the time the Chargeback Request is initiated, all of the following information:

- A 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; and
- Any correspondence from the Merchant promising a refund or Credit to the Cardholder.

Issuer Initiation Timeframe

Issuers may initiate RN2 Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request in connection with an RN2 Dispute must comply with the requirements of Section 5.2. An Issuer initiating a Chargeback Request in connection with an RN2 Dispute must comply with the requirements of Section 5.6. The Issuer must wait 15 calendar days from the date the Cardholder returned the goods to the Merchant or refused the service before initiating an RN2 Dispute.

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 Network in response to an RN2 Dispute Notice:

- Transaction Documentation signed by the Cardholder 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 Cardholder's 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; or
- Evidence that an in-store credit was issued in accordance with the Merchant's established policy.

5.10 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 (documentary) evidence delivered by the Issuer to Discover Network in accordance with Section 5.6 and the applicable Reason Code requirements.

In the event of a conflict between the timeframes for initiation of Chargeback Requests described in this Section 5.10 and the timeframes for the initiation of Disputes described in Section 1.2.2 of these *Dispute Rules*, the timeframes in this Section 5.10 shall govern.

5.10.1 DA – Declined Authorization

The DA Reason Code may be used by an Issuer to initiate a Chargeback Request when a Card Sale (other than a Discover Network ATM Transaction) was completed after the Issuer provided a declined Authorization Response to the Acquirer's or Merchant's Authorization Request.

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

- Authorization Request was declined but a Card Sale posted to the Cardholder's Account; or
- 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.

Issuer Initiation Timeframe

Issuers may initiate DA Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with a DA Dispute must comply with the requirements in Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a DA Chargeback Request within the applicable timeframe set forth in Section 2.1. Evidence of an approved Authorization Response from the Issuer that can be validated by the Issuer is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a DA Chargeback Request.

5.10.2 DP - Duplicate Processing

The DP Reason Code may be used by an Issuer for a Chargeback Request when two or more Card Sale(s) (other than Discover Network ATM Transactions) were completed within the same 24 hours, using the same Card Number, at the same Discover Network Merchant Number, for the same transaction amount and the Cardholder did not receive the benefit of more than one Card Sale. The Issuer must provide Discover Network with valid documentation of the duplicate Card Sale at the time the Chargeback Request is initiated.

Each of the following is an example of when it is appropriate to use the DP Reason Code:

- Cardholder made one purchase but two or more Card Sales posted to the Cardholder's Account for the single purchase; or
- Multiple Card Sales posted to the Cardholder's Account on the same date, for the same dollar amount and at the same Merchant and the Cardholder demonstrates that benefits were received from only one Card Sale.

Issuer Initiation Timeframe

Issuers may initiate DP Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with a DP Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a DP Chargeback Request 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 Network in response to a DP Chargeback Request:

- Separate Transaction Documentation either signed or authorized by the Cardholder for the amount of each Card Sale billed to the Account;
- Evidence that the Cardholder received goods or services for each of the Card Sales posted to the Cardholder's Account; or
- Evidence that the Merchant or Acquirer issued a Credit(s) to the Cardholder's Account(s) for the duplicate Card Sale(s) subject to Dispute.

5.10.3 EX – Expired Card

The EX Reason Code is valid for a Chargeback Request when a Card Sale (other than a Discover Network ATM Transaction) was processed after the Card's expiration date. At the time of initiation of the Chargeback Request, the Issuer must provide Discover Network with valid documentation indicating that the Card Sale subject to Dispute involved an expired Card. This Reason Code is not valid for Automatic Payment Disputes.

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

- Card used in a Card Sale was expired at the time of the Card Sale;
- Cardholder refused delivery of goods or services and the Card Sale was billed to a closed, terminated, inactive or delinquent Account; or
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and an expired Card was used for the Card Sale.

Issuer Initiation Timeframe

Issuers may initiate EX Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an EX Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an EX Chargeback Request within the applicable timeframe set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an EX Chargeback Request: evidence that the Card used to conduct the Card Sale was not expired at the time of the Card Sale.

5.10.4 IC – Illegible Transaction Documentation

The IC Reason Code may be used by an Issuer for a Chargeback Request when the Issuer received illegible Transaction Documentation or other documentation in response to a Ticket Retrieval Request. The illegible documentation provided by the Acquirer or Merchant constitutes compelling evidence to support the initiation of a Chargeback Request.

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

- Cardholder did not recognize the Card Sale, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant was not legible and does not resolve the Dispute;
- Transaction Documentation received did not contain full and/or legible imprint of all security features required to be embossed on the Card (if the Transaction Documentation is required to display a Card imprint); or
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and an illegible copy of the Transaction Documentation was provided in response to a Ticket Retrieval Request.

Issuer Initiation Timeframe

Issuers may initiate IC Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an IC Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an IC Chargeback Request within the applicable timeframe set forth in Section 2.1. A legible copy of the Transaction Documentation, including a Card imprint (when required) containing all security features required to be embossed on the Card, is an example of the compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an IC Chargeback Request.

5.10.5 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 1.2.2.

Issuer Initiation Rules

Dispute amount must be at least USD \$0.01 and the Issuer initiating a Chargeback Request in connection with an IN Dispute must comply with the requirements of Section 5.6.

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. An example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an IN Chargeback Request is Transaction Documentation showing (i) the valid Card Number, (ii) the receipt of a positive Authorization Response, and (iii) the Cardholder's signature (if required), and evidence showing that the Card Transaction can be posted to the Card Number indicated on the Transaction Documentation. The Acquirer or Merchant may resubmit the Card Transaction on the correct Card Number upon resolution of the Dispute.

5.10.6 IS – Missing Signature

The IS Reason Code may be used by an Issuer for a Chargeback Request relating to a Card Sale that requires the Cardholder to sign the Transaction Documentation where the Transaction Documentation lacks a valid Cardholder signature. The IS Reason Code is not valid for a Dispute relating to a Card Sale in which a Merchant is not contractually obligated to obtain a Cardholder signature, including Card Not Present Card Transactions, No Signature Required Card Sales, Automatic Payment Card Sales and Card Sales conducted at CATs.

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

- Cardholder did not recognize the Card Sale, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant did not include a required signature and does not resolve the Dispute; or
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and the copy of the Transaction Documentation provided in response to a Ticket Retrieval Request reveals a required signature is not present.

Issuer Initiation Timeframe

Issuers may initiate IS Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

Issuers may not use this Reason Code to initiate Disputes of Card Transactions in the airline or direct marketing Merchant Category Codes, for Card Not Present Card Transactions or with respect to Card Transactions where no signature is required (including No Signature Required Card Sales and Card Sales at CATs). An Issuer initiating a Chargeback Request in connection with an IS Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an IS Chargeback Request 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 Network in connection with a response to an IS Chargeback Request:

- Legible Transaction Documentation that includes a valid signature for the corresponding Card Sale; or
- Evidence that the Merchant is not obligated to obtain a signature for the disputed Card Sale because the Merchant's MCC does not require the Merchant to obtain a signature, because the Card Sale was of a type

that does not require the Merchant to obtain a Cardholder signature or because the Merchant's custom agreement does not require it to obtain the Cardholder's signature in connection with all or certain Card Sales.

5.10.7 LP – Late Presentation

The LP Reason Code may be used by Issuers for a Chargeback Request relating to a Card Sale (other than a Discover Network ATM Transaction) when the date of the Issuer's receipt of Sales Data is more than 30 calendar days after the date of the Card Sale but not in excess of 180 calendar days after the date of the Card Sale.

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 more than 30 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 30 calendar days after the Acquirer or Merchant submitted the related Authorization Request to the Issuer; or
- A delayed delivery Card Sale posts to a Cardholder's Account after the Cardholder cancelled the delayed delivery Card Sale.

Issuer Initiation Timeframe

Issuers may initiate LP Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an LP Dispute must comply with the requirements of Section 5.6. In support of the LP Chargeback Request, the Issuer must provide Discover Network with compelling evidence that the date of the Authorization Response for a Card Sale provided by the Issuer and the Sales Data relating to the Card Sale received by the Issuer were more than 30 calendar days apart, and that the Issuer is unable to collect the amount of the Card Sale 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. Each of the following is an example of the compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with 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 30 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 Cardholder's Account more than 30 calendar days after the Card Sale date; or
- 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.

5.10.8 NA – No Authorization

The NA Reason Code may be used by an Issuer for a Chargeback Request (other than in connection with a Discover Network ATM Transaction) describing a claim that the Acquirer or Merchant did not initiate an Authorization Request or obtain a “positive” Authorization Response for the Card Sale.

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

- Cardholder did not recognize the Card Sale, requested a copy of Transaction Documentation, and the copy provided by the Acquirer or Merchant did not include an Authorization Code and does not resolve the Dispute; or
- Issuer cannot collect the Card Sale amount from the Cardholder for any reason and an Authorization Response was not obtained by the Acquirer or Merchant.

Issuer Initiation Timeframe

Issuers may initiate NA Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Chargeback Request in connection with an NA Dispute must comply with the requirements of Section 5.6.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an NA Dispute Notice within the applicable timeframe set forth in Section 2.1. Evidence of an approved Authorization response from the Issuer for the underlying Card Sale, which can be validated in the Issuer’s records, is an example of compelling evidence supporting the Acquirer’s or Merchant’s response to an NA Dispute Notice.

5.10.9 SV – Stored Value Dispute

The SV Reason Code may be used by an Issuer only for a Chargeback Request related to a Card Sale involving a Prepaid Gift Card where (i) the Acquirer or Merchant did not obtain an approved Authorization Response, or (ii) the Prepaid Gift Card is overdrawn in a Card Sale where the amount in the Authorization Response obtained by the Acquirer or Merchant does not match the Card Sale amount submitted in Sales Data relating to the Card Sale.

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

- Issuer challenges the validity of a Card Sale involving a Prepaid Gift Card because the Merchant did not obtain an approved Authorization Response for the total amount of the Card Sale submitted in Sales Data for Settlement; or
- Issuer cannot collect the Card Sale amount from the Cardholder at the time the Sales Data is presented to the Issuer for any reason, the Card is overdrawn and the Issuer did not issue an approved Authorization Response for the amount of the Card Sale that exceeded the value associated with the Card.

Issuer Initiation Timeframe

Issuers may initiate SV Disputes during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

Disputed amount must be at least USD \$0.01. The amount that may be subject to Dispute in connection with an SV Dispute is the amount by which the Sales Data submitted for Settlement exceeds the value associated with the Prepaid Gift Card. An Issuer initiating a Chargeback Request in connection with an SV Dispute must comply with the requirements of Section 5.6. The Issuer must provide compelling evidence to Discover Network at the time of initiation of the SV Chargeback Request that either the Issuer did not provide an approved Authorization Response in connection with the Card Sale or the amount approved in the Authorization Response for the Card Sale was not the same as the Card Sale amount submitted in Sales Data for Settlement of the Card Sale and that the Card is overdrawn.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to an SV Chargeback Request within the applicable timeframe set forth in Section 2.1. Evidence of an approved Authorization Response received from the Issuer in the same amount as was included by the Acquirer or Merchant in the related Sales Data submitted for Settlement constitutes compelling evidence in support of the Acquirer's or Merchant's response to an SV Chargeback Request, provided the positive Authorization Response can be validated in the Issuer's records.

Note: The SV Reason Code is the only Reason Code under which a Dispute related to a Prepaid Gift Card Transaction may be initiated under these *Dispute Rules*.

5.10.10 TF – Dispute Initiated by Discover Network for Violation of Operating Regulations

The TF Reason Code may be used by Discover Network to process a Chargeback when Discover Network identifies, based on a response to a Ticket Retrieval Request, that an Acquirer or Merchant did not comply with the requirements of the applicable Operating Regulations in conducting the Card Transaction.

Each of the following is an example of when Discover Network may initiate a TF Dispute:

- Cardholder did not recognize the Card Sale, requested a copy of the Transaction Documentation, and Discover Network documents Operating Regulation violations by the Acquirer or Merchant based on the Acquirer's or Merchant's response to the Ticket Retrieval Request (e.g. required data element missing from the Transaction Documentation); or
- Discover Network documents that the Acquirer or Merchant did not follow all Operating Regulations with respect to the corresponding Card Transaction.

Initiation Timeframe and Rules

Issuers may not initiate TF Disputes. Only Discover Network may initiate a TF Dispute. Discover Network must initiate a TF Dispute during the periods

prescribed in Section 1.2.2. Discover Network may initiate a TF Dispute only if the amount subject to the Chargeback is greater than USD \$10.00.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a TF Chargeback Request within the applicable timeframe set forth in Section 2.1. Evidence that the Acquirer or Merchant complied with all applicable Operating Regulations including, but not limited to, obtaining an approved Authorization Response that can be validated in the Issuer's records, is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a TF Dispute.

5.11 Reason Code Rules for Discover Network ATM Transaction Disputes

An Issuer may initiate a Dispute of a Discover Network ATM Transaction by submitting a Dispute Ticket Retrieval Request relating to the Cash Advance transaction to Discover Network. Discover Network will communicate the Dispute Ticket Retrieval Request to the applicable ATM Network involved in the Cash Advance transaction through a direct link between Discover Network and the ATM Network for handling Disputes.

The ATM Network shall provide a Transaction Receipt in response to the Dispute Ticket Retrieval Request within 45 Business Days of the date of initiation of the Dispute. Discover Network will forward Transaction Receipts received from the ATM Network in response to the Dispute Ticket Retrieval Request to the Issuer. If the Cash Advance is determined to be invalid, the ATM Network will issue a Credit to the Cardholder in the disputed amount. If the Cash Advance is determined to be valid, the Dispute will be closed.

In the event of a conflict between the timeframes for initiation of Disputes described in this Section 5.11 and the timeframes for the initiation of Disputes described in Section 1.2.2 of these *Dispute Rules*, the timeframes in this Section 5.11 shall govern.

5.11.1 TNM – Discover Network ATM Transaction – Transaction Improperly Posted to Cardholder's Account

The TNM Reason Code may be used by Issuers for Dispute Ticket Retrieval Requests relating to Discover Network ATM Transactions where the Cardholder does not recognize the transaction.

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

- Cardholder did not conduct the transaction and did not receive cash.

TNM Reason Code Eligibility Rules

This Reason Code is valid for qualifying Discover Network ATM Transactions when the Cardholder has possession of the Card (i.e., the Card was not lost or stolen) and challenges the validity of the Discover Network ATM Transactions.

Issuer Initiation Timeframe

Issuers may initiate TNM Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

The Issuer must have entered into a Cash Agreement and must have processed the Card Transaction under the 6011 Merchant Category Code.

ATM Network Response Rules

ATM Networks must respond to a TNM Dispute Notice within the applicable timeframe set forth in Section 2.1. Each of the following is an example of the compelling evidence an ATM Network may submit to Discover Network in response to a TNM Dispute Notice:

- Evidence that the Cardholder received cash; or
- Evidence that a Credit was made to the Cardholder's Account to correct the error.

5.11.2 P – Discover Network ATM Transaction – Partial Funds Dispensed

The P Reason Code may be used by an Issuer for Dispute Ticket Retrieval Requests relating to Discover Network ATM Transactions where the Cardholder claims only partial funds were dispensed by the ATM.

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

- Cardholder was present at the ATM but did not receive the equivalent amount of funds for the Card Transaction that posted to the Cardholder's Account.

P Reason Code Eligibility Rules

This Reason Code is valid for qualifying Discover Network ATM Transactions when the Cardholder has possession of the Card (i.e., the Card was not lost or stolen) and alleges that the amount of cash received from the ATM during a Discover Network ATM Transaction was not equal to the related Card Sale amount that posted to the Cardholder's Account.

Issuer Initiation Timeframe

Issuers may initiate P Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

The Issuer must have entered into a Cash Agreement and must have processed the Card Transaction under the 6011 Merchant Category Code. The Issuer must indicate the actual amount of funds dispensed to the Cardholder when initiating the Dispute.

ATM Network Response Rules

ATM Networks must respond to a P Dispute Notice within the applicable timeframe set forth in Section 2.1. Each of the following is an example of the compelling evidence an ATM Network may submit to Discover Network in response to a P Dispute Notice:

- Evidence that the amount of cash received by the Cardholder equals the Cash Advance amount that posted to the Cardholder's Account; or
- Evidence that a Credit was made to the Cardholder's Account for the Discover Network ATM Transaction subject to Dispute.

5.11.3 N – Discover Network ATM Transaction -- No funds dispensed

The N Reason Code is valid for Dispute Ticket Retrieval Requests relating to Discover Network ATM Transactions where the Cardholder claims funds were not dispensed by the ATM.

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

- Cardholder was present at the ATM, but did not receive any funds for the Card Transaction that posted to the Cardholder's Account.

N Reason Code Eligibility Rules

This Reason Code is valid for qualifying Discover Network ATM Transactions when the Cardholder has possession of the Card (i.e., the Card was not lost or stolen) and claims funds were not dispensed by the ATM during a Discover Network ATM Transaction.

Issuer Initiation Timeframe

Issuers may initiate N Disputes during the periods prescribed in Section 1.2.2.

Issuer Initiation Rules

The Issuer must have entered into a Cash Agreement and must have processed the Card Transaction under the 6011 Merchant Category Code.

ATM Network Response Rules

ATM Networks must respond to an N Dispute Notice within the applicable timeframe set forth in Section 2.1. Each of the following is an example of the compelling evidence an ATM Network may submit to Discover Network in response to an N Dispute Notice:

- Evidence that the amount of cash received by the Cardholder equals the Cash Advance amount that posted to the Cardholder's Account; or
- Evidence that a Credit was made to the Cardholder's Account to correct the error.

5.11.4 DP1 – ATM – Duplicate Processing

The DP1 Reason Code may be used by an Issuer for Dispute Ticket Retrieval Requests relating to Discover Network ATM Transactions where the Cardholder alleges that duplicate Sales Data for a single Cash Advance posted to the Cardholder's Account, and where more than one Cash Advance posted to the Cardholder's Account within the same 24 hours, on the same Card Number, at the same Discover Network Merchant Number, for an amount that varied by no more than 20% from the amount approved by the Cardholder and where the Cardholder received cash in only one Discover Network ATM Transaction. Each of the following is an example of when it is appropriate to use the DP1 Reason Code:

- Cardholder conducted one Discover Network ATM Transaction and received cash for only one Discover Network ATM Transaction but two or more Cash Advances posted to the Cardholder's Account; and
- Cardholder does not recognize multiple Discover Network ATM Transactions that posted to the Cardholder's Account on the same date, for a dollar amount that differs by no more than 20% from the amount approved by the Cardholder, at the same Merchant and the Cardholder did not receive cash for the duplicate Discover Network ATM Transactions.

Issuer Initiation Timeframe

Issuers may initiate DP1 Disputes during the periods prescribed in Section 1.2.2.

ATM Network Response Rules

ATM Networks must respond to a DP1 Dispute Notice within the applicable timeframe set forth in Section 2.1. Each of the following is an example of compelling evidence an ATM Network may submit to Discover Network in response to a DP1 Dispute Notice:

- Evidence that the Cardholder received funds for all of the Cash Advances that posted to the Cardholder's Account; or
- Evidence that a Credit was issued to the Cardholder's Account in the amount(s) of the Disputed Discover Network ATM Transactions.

5.12 Reason Code Rules for Fraud Disputes

The UA Reason Codes apply to Card Transactions (other than Discover Network 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 Dispute 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 5.6 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.

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 Network 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 described in this Section 5.12 and the timeframes for the initiation of Disputes described in Section 1.2.2 of these *Dispute Rules*, the timeframes in this Section 5.12 shall govern.

5.12.1 Fraud Dispute Ticket Retrieval Requests – Card Sale Disputes

The Issuer's security personnel may initiate a UA Dispute Ticket Retrieval Request as part of its fraud investigation of a Card Sale. If the Acquirer or Merchant does not respond to the Dispute Ticket Retrieval Request within the timeframe required under Section 2.1 or if the Acquirer or Merchant provides an inadequate response to a UA Dispute Ticket Retrieval Request, Discover Network will process a Chargeback to the Acquirer or Merchant.

5.12.2 Sub-Reason Codes Applicable to UA Dispute Ticket Retrieval Requests

To allow for better tracking of and communication about the specific circumstances underlying fraudulent Card Transactions, the UA Reason Codes for Dispute Ticket Retrieval Requests have been categorized into sub-Reason Codes. Issuers initiating UA Dispute Ticket Retrieval Requests will select an initial Reason Code of UA10, UA20 or UA30 to assign to the Dispute. If the Acquirer's or Merchant's response to the Dispute Notice of a UA Dispute Ticket

Retrieval Request results in a determination by Discover Network to process a Chargeback to the Acquirer or Merchant, Discover Network will assign a more specific sub-Reason Code of UA11, UA12, UA18, UA21, UA22, UA23, UA28, UA31 or UA38 to the Dispute to identify the reason for the Chargeback.

5.12.2.1 UA10 – Swiped Card Transaction – Proof of Valid Card Sale

The UA10 Reason Code may be used by an Issuer for a UA Dispute Ticket Retrieval Request relating to a Swiped Card Transaction where the Cardholder alleges fraud.

The following is an example of when the UA10 Reason Code may be assigned by an Issuer to a Dispute Ticket Retrieval Request:

- Cardholder disputes Card Sale as fraud and the Issuer has requested a copy of the Transaction Receipt.

Issuer Initiation Timeframe

Issuers may initiate UA10 Dispute Ticket Retrieval Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request as a UA10 Dispute must comply with the requirements of Section 5.2.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA10 Dispute Ticket Retrieval Request within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to a UA10 Dispute Ticket Retrieval Request:

- A Transaction Receipt that includes a valid, legible signature of the Cardholder or an Authorized User.

5.12.2.2 UA20 – Keyed Card Transaction – Proof of Valid Card Sale

The UA20 Reason Code is selected by an Issuer for a UA Dispute Ticket Retrieval Request relating to a Card Sale when the Cardholder claims that the Keyed Card Transaction was fraudulent.

The following is an example of when a UA20 Reason Code may be assigned to a Dispute Ticket Retrieval Request:

- Cardholder disputes a Card Sale as fraud and the Issuer has requested a copy of the Transaction Documentation.

Issuer Initiation Timeframe

Issuers may initiate UA20 Dispute Ticket Retrieval Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request as a UA20 Dispute must comply with the requirements of Section 5.2.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a UA20 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA20 Chargeback Request:

- Transaction Documentation that includes a full and legible imprint of all security features required to be embossed on the Card and a valid, legible signature of the Cardholder or an Authorized User.

5.12.2.3 UA30 – Card Not Present Card Transaction – Proof of Delivery

The UA30 Reason Code is selected by an Issuer for a UA Dispute Ticket Retrieval Request relating to a Card Not Present Card Transaction where the Cardholder seeks a valid Proof of Delivery indicating delivery of the purchased goods and/or services as directed by the Cardholder.

Each of the following is an example of when the UA30 Reason Code may be assigned to a Dispute Ticket Retrieval Request:

- Cardholder disputes Card Sale as fraud and the Issuer has requested a copy of Transaction Documentation that includes a valid Proof of Delivery to indicate delivery of the purchased goods and/or services as directed by the Cardholder.

Issuer Initiation Timeframe

Issuers may initiate UA30 Dispute Ticket Retrieval Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a Dispute Ticket Retrieval Request as a UA30 Dispute must comply with the requirements of Section 5.2.

Acquirer or Merchant Response Rules

Acquirers or Merchants must respond to a UA30 Dispute Notice within the applicable timeframe set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA30 Dispute Notice:

- A valid legible Proof of Delivery, indication that CID was transmitted with the Authorization Request and evidence that the Acquirer or Merchant used the Address Verification Service for the corresponding Card Sale.

5.12.2.4 UA11 – Swiped Card Transaction – No Signature

The UA11 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA10 Dispute Ticket Retrieval Request when Discover Network determines that the Transaction Receipt provided by the Acquirer or Merchant in response to the UA10 Dispute Ticket Retrieval Request reveals a required signature was not obtained for the disputed Card Sale. The UA11 sub-Reason Code may not be used for a Dispute of a Card Sale in which the Merchant was not required to obtain a Cardholder signature, including No Signature Required

Card Sales, Automatic Payment Card Sales or for Card Sales conducted at CATs.

The following are examples of when the UA11 sub-Reason Code may be assigned to a Dispute:

- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the Transaction Receipt did not include a required signature of the Cardholder.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA11 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA11 Dispute Notice:

- A valid legible Transaction Receipt that includes a valid signature of the Cardholder or an Authorized User.

5.12.2.5 UA12 – Swiped Card Transaction – Invalid Signature

The UA12 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA10 Dispute Ticket Retrieval Request when the Transaction Receipt reveals a signature that does not match the Cardholder signature included in the signature block on the back of the Card that was used in the Card Sale at the point-of-sale.

Each of the following is an example of when the UA12 sub-Reason Code may be assigned to a Chargeback:

- Cardholder disputes Card Sale as fraud, requested a copy of the Transaction Receipt, and the copy provided by the Acquirer or Merchant reveals that the signature on the Transaction Receipt does not match the Cardholder signature included in the signature block on the back of the Card that was used in the Card Sale at the point-of-sale; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the signature on the Transaction Receipt is not valid for the Cardholder or any Authorized User of the Card.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA12 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA12 Dispute Notice:

- A valid legible Transaction Receipt that includes a valid signature of the Cardholder or an Authorized User.

5.12.2.6 UA18 – Swiped Card Transaction – Illegible Transaction Documentation

The UA18 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA10 Dispute Ticket Retrieval Request relating to a Card Sale when the Transaction Receipt received in response to the Dispute Ticket Retrieval Request is illegible.

Each of the following is an example of when the UA18 sub-Reason Code may be assigned to a Dispute:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Receipt, and the copy provided by the Acquirer or Merchant is illegible and does not resolve the Dispute; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the Transaction Receipt is illegible.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA18 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA18 Dispute Notice:

- A valid legible Transaction Receipt that includes an Authorization Code and signature of the Cardholder or an Authorized User.

5.12.2.7 UA21 – Keyed Card Transaction – No Signature

The UA21 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA20 Dispute Ticket Retrieval Request relating to a Card Sale when the Transaction Documentation reveals a signature was not obtained for the disputed Card Sale.

Each of the following is an example of when the UA21 sub-Reason Code may be assigned to a Dispute:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant reveals a signature was not obtained and does not resolve the Dispute; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the Transaction Documentation did not include a signature of the Cardholder or an Authorized User.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA21 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA21 Dispute Notice:

- Valid legible Transaction Documentation that includes a valid signature of the Cardholder or an Authorized User.

5.12.2.8 UA22 – Keyed Card Transaction – Invalid Signature

The UA22 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA20 Dispute Ticket Retrieval Request relating to a Keyed Card Transaction when the Transaction Documentation reveals a signature that does not match the Cardholder signature included in the signature block on the back of the Card that was used in the Card Sale at the point-of-sale.

Each of the following is an example of when the UA22 sub-Reason Code may be assigned to a Dispute Notice:

- Cardholder disputes Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant reveals that the signature on the Transaction Documentation does not match the Cardholder signature included in the signature block on the back of the Card that was used in the Card Sale at the point-of-sale; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the signature on the Transaction Documentation is not valid for the Cardholder or any Authorized User of the Card.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA22 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA22 Dispute Notice:

- Valid legible Transaction Documentation that includes a valid signature of the Cardholder or an Authorized User.

5.12.2.9 UA23 – Keyed Card Transaction – Invalid Imprint

The UA23 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA20 Dispute Ticket Retrieval Request relating to a Keyed Card Transaction when the Transaction Documentation reveals that the Card imprint is not legible and/or does not contain all security features required to be embossed on the Card that was used in the Card Sale at the point-of-sale.

Each of the following is an example of when the UA23 sub-Reason Code may be assigned to a Dispute:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant is not legible; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined all security features required to be embossed on the Card used in the Card Sale are not legible on the imprint.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA23 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of

compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA23 Dispute Notice:

- Valid legible Transaction Documentation that contains a full and legible imprint of all security features required to be embossed on the Card.

5.12.2.10 UA28 – Keyed Card Transaction – Illegible Copy

The UA28 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA20 Dispute Ticket Retrieval Request relating to a Keyed Card Transaction when the Transaction Documentation is not legible.

Each of the following is an example of when the UA28 sub-Reason Code may be assigned to a Dispute:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant is illegible and does not satisfy the Dispute; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the Transaction Documentation is illegible.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA28 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA28 Dispute Notice:

- Valid legible Transaction Documentation that includes an Authorization Code and signature of the Cardholder or an Authorized User.

5.12.2.11 UA31 – Card Not Present Card Transaction – Invalid Proof of Delivery

The UA31 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA30 Dispute Ticket Retrieval Request relating to a Card Not Present Card Transaction when the Merchant did not obtain a valid Proof of Delivery demonstrating that the purchased goods were delivered to the Cardholder's billing address.

The following are examples of when the UA31 sub-Reason Code may be assigned to a Dispute:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Documentation, and the Proof of Delivery does not indicate delivery of purchased goods to the Cardholder's billing address and does not resolve the Dispute; or
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined the Acquirer or Merchant did not obtain a valid Proof of Delivery indicating delivery of the purchased goods to the Cardholder's billing address.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA31 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA31 Dispute Notice:

- A valid legible Proof of Delivery indicating delivery to the Cardholder's billing address as verified using the Address Verification Service, an indication that CID was transmitted with the Authorization Request and an indication that the Acquirer or Merchant used the Address Verification Service for the corresponding Card Sale.

5.12.2.12 UA38 – Card Not Present Card Transaction – Illegible Copy

The UA38 sub-Reason Code is assigned by Discover Network to a Dispute initiated as a UA30 Dispute Ticket Retrieval Request relating to a Card Not Present Card Transaction when the Transaction Documentation is not legible.

Each of the following is an example of when the UA38 sub-Reason Code may be assigned to a Dispute:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant was illegible and does not satisfy the Dispute; and
- After obtaining the Acquirer's or Merchant's response to the Dispute Ticket Retrieval Request, Discover Network determined that the Transaction Documentation is illegible.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA38 Dispute Notice within the applicable timeframes set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA38 Dispute Notice:

- Valid legible Transaction Documentation that includes a valid Authorization Code and Cardholder signature and lists the quantity and brief description of the goods or service purchased.

5.12.3 Fraud Chargeback Requests Initiated by the Issuer

Once the Issuer completes a reasonable investigation of a Cardholder's claim that a Card Transaction was the result of fraud and determines that compelling evidence exists supporting the Cardholder's claim of fraud, the Issuer's security personnel may initiate a fraud Chargeback Request using the following Reason Codes.

5.12.3.1 UA01 – No Authorization

The UA01 Reason Code may be selected by an Issuer for a Chargeback Request relating to a Card Sale where no attempt was made by the Acquirer or Merchant to obtain an Authorization Response for the Card Sale.

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

- Cardholder disputes Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or

Merchant did not include an Authorization Code and did not resolve the Dispute; or

- Issuer security personnel opened a fraud investigation of a Cardholder's Account based on a claim of fraud by the Cardholder and determined the Acquirer or Merchant did not obtain an approved Authorization Response for the Card Sale.

Issuer Initiation Timeframe

Issuers may initiate UA01 Chargeback Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a UA01 Chargeback Request must comply with the requirements of Section 5.6. The Issuer's security personnel, as part of its fraud investigation of the Cardholder's Account based on a claim of fraud by the Cardholder, must have determined that the Acquirer or Merchant did not obtain an Authorization Response relating to the Card Sale.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA01 Dispute Notice within the applicable timeframe set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to a UA01 Dispute Notice:

- Evidence that an approved Authorization Response was received from the Issuer for the allegedly fraudulent Card Sale and such evidence can be validated in the Issuer's records.

5.12.3.2 UA02 – Declined Authorization

The UA02 Reason Code may be selected by an Issuer for a Chargeback Request relating to a Card Sale where the Issuer declined the Authorization Request.

The following is an example of when it is appropriate to assign the UA02 Reason Code to a Chargeback Request:

- Issuer security personnel opened a fraud investigation of a Cardholder's Account based on a claim of fraud by the Cardholder and determined the Acquirer or Merchant did not obtain an approved Authorization Response for the allegedly fraudulent Card Sale.

Issuer Initiation Timeframe

Issuers may initiate UA02 Chargeback Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a UA02 Chargeback Request must comply with the requirements of Section 5.6. The Issuer's security personnel, as part of its fraud investigation of the Cardholder's Account based on a claim of fraud by the Cardholder, must have determined there was not a corresponding "approved" Authorization Response in the same time period, or for a similar dollar amount at the Merchant location, relating to the allegedly fraudulent Card Transaction.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA02 Dispute Notices within the applicable timeframe set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an UA02 Dispute Notice:

- Evidence that an approved Authorization Response was received from the Issuer for the allegedly fraudulent Card Sale, which evidence can be validated in the Issuer's records.

5.12.3.3 UA03 – Sale Exceeded Authorization Amount

The UA03 Reason Code may be selected by an Issuer for a Chargeback Request relating to a Card Sale where the Card Sale amount exceeded the Authorization amount for the Card Sale.

The following is an example of when the UA03 Reason Code may be assigned to a Chargeback:

- Cardholder did not recognize the Card Sale, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant revealed that the Card Sale amount exceeded the Authorization amount and did not resolve the Dispute; or
- After obtaining the Acquirer's or Merchant's response to a Ticket Retrieval Request, Discover Network determined the Card Sale amount exceeds the amount of the Authorization.

Issuer Initiation Timeframe

Issuers may initiate UA03 Chargeback Requests for up to 365 calendar days from the Processing Date for Credit Card Transactions, Debit Card Transactions and Prepaid Identity Known Card Transactions.

Issuer Initiation Rules

The UA03 Reason Code may only be used for Chargeback Requests where the Issuer's security personnel, as part of a fraud investigation of the Cardholder's Account based on a claim of fraud by the Cardholder, has determined that the Card Sale amount exceeded the Authorization amount. In addition, the following initiation requirements apply to UA03 Chargeback Requests:

- Issuers may initiate UA03 Chargeback Requests for Card Sales at CATs operated by Merchants in the petroleum industry (MCC 5542) only if the Card Sale amount exceeds USD \$75.00 and only to the extent that the disputed Card Sale amount exceeds the greater of USD \$75.00 or the actual Card Sale amount for which the Merchant received an approved Authorization Response.
- Issuers may initiate UA03 Chargeback Requests for Card Sales at Merchants operating in the rental car industry or in the lodging industry only if the Card Sale amount submitted in Sales Data by the Merchant exceeds the Authorized amount by 20%.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA03 Dispute Notice within the applicable timeframe set forth in Section 2.1. The following is an example of

compelling evidence an Acquirer or Merchant may submit to Discover Network in connection with a response to a UA03 Dispute Notice:

- Evidence that an approved Authorization Response was received from the Issuer for the allegedly fraudulent Card Sale, which evidence can be validated in the Issuer's records.

5.12.3.4 UA32 – Address Verification Service or CID Failure in Card Not Present Card Transaction

The UA32 Reason Code is valid for a Chargeback Request relating to a Card Not Present Card Transaction where the Acquirer or Merchant did not attempt or complete verification of the Cardholder's billing address using the Address Verification Service and/or did not include CID in the Authorization Request.

Each of the following is an example of when the UA32 Reason Code may be assigned to a Chargeback Request:

- Cardholder disputes a Card Not Present Card Transaction as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant did not include evidence that the Acquirer or Merchant confirmed the Cardholder's billing street address and zip code using the Address Verification Service and/or did not include CID in the Authorization Request.
- Issuer security personnel opened a fraud investigation of a Cardholder's Account based on a claim of fraud by the Cardholder and determined that the Acquirer or Merchant did not verify the Cardholder's billing street address and zip code using the Address Verification Service and/or did not include CID in the Authorization Request.

Issuer Initiation Timeframe

Issuers may initiate UA32 Chargeback Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a UA32 Chargeback Request must comply with the requirements of Section 5.6. The Issuer's security personnel, as part of its fraud investigation of the Cardholder's Account based on a claim of fraud by the Cardholder, must have determined that there was not a corresponding verification of the Cardholder's billing street address and zip code using the Address Verification Service relating to the Disputed Card Sale and/or that CID was not included in the Authorization Request.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA32 Chargeback Request within the applicable timeframe set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an UA32 Chargeback Request:

- Evidence that a Cardholder billing street address and zip code match was obtained for the challenged Card Not Present Card Transaction, including in connection with a Pre-Authorization, using the Address Verification Service and/or evidence that the Authorization Request included CID, in each case which evidence can be validated in the Issuer's records.

5.12.3.5 UA99 – Non-Compliance with Operating Regulations

The UA99 Reason Code may be used for a Chargeback Request when the Card Sale was not completed in compliance with the requirements of the Operating Regulations applicable to the Acquirer or Merchant and where the Chargeback Request cannot be categorized under another fraud Reason Code.

The following are examples of when the UA99 Reason Code may be assigned to a Chargeback Request:

- Cardholder disputes a Card Sale as fraud, requested a copy of the Transaction Documentation, and the copy provided by the Acquirer or Merchant did not include all required data for completing a Card Sale; or
- Issuer security personnel opened a fraud investigation of a Cardholder's Account based on a claim of fraud by the Cardholder and determined the Acquirer or Merchant did not include all required data for completing a Card Sale in the Sales Data or Transaction Documentation and/or otherwise did not comply with the applicable Operating Regulations.

Issuer Initiation Timeframe

Issuers may initiate UA99 Chargeback Requests during the period prescribed in Section 1.2.2.

Issuer Initiation Rules

An Issuer initiating a UA99 Chargeback Request must comply with the requirements of Section 5.6. The Issuer's security personnel, as part of its fraud investigation of the Cardholder's Account based on a claim of fraud by the Cardholder, must have determined that the Acquirer or Merchant did not include all required data for completing the Card Sale in the Sales Data or Transaction Documentation relating to the challenged Card Sale or otherwise did not comply with the applicable Operating Regulations.

Acquirer or Merchant Response Rules

Acquirers or Merchants may respond to a UA99 Chargeback Request within the applicable timeframe set forth in Section 2.1. The following is an example of compelling evidence an Acquirer or Merchant may submit to Discover Network in response to an UA99 Chargeback Request:

- Evidence that the Acquirer or Merchant followed all required rules in the applicable Operating Regulations with respect to the challenged Card Sale, including obtaining an Authorization Response and Cardholder signature, where required.

6.0 Representment (Reversal of Chargebacks)

6.1 Representment Overview

If an Acquirer or Merchant disagrees with a Chargeback, the Acquirer or Merchant may submit a Representment Request to Discover Network through the DNDS, the Disputes File Format or by another Discover Network approved Dispute resolution system. The Representment Request must include documentation to support the Representment.

6.2 Acquirers' and Merchants' Representment Rights

Discover Network may process a Chargeback to the relevant Acquirer or Merchant upon Discover Network's receipt of a Chargeback Request from an Issuer or upon Discover Network's determination following an Acquirer's or Merchants response to a Dispute Ticket Retrieval Request that the Issuer or Cardholder is entitled to a Chargeback of the Card Transaction. Following Discover Network's processing of a Chargeback to the Acquirer or Merchant, the Acquirer or Merchant has the right to submit a Representment Request to Discover Network, except for Chargebacks subject to BENs and Notice of Error Disputes in which cases, Acquirers and Merchants are not permitted to submit Representment Requests.

6.2.1 Requirements for Initiation of a Representment Request

If the Acquirer or Merchant possesses compelling evidence supporting the validity of a Card Transaction that is the subject of a Chargeback, the Acquirer or Merchant may submit a Representment Request to Discover Network along with such compelling evidence supporting the reversal of the Chargeback. Compelling evidence in the form of an image of documentation supporting the Representment Request must be attached at time of Acquirer's initiation of a Representment Request to Discover Network in accordance with the Dispute File Format. Merchant's initiating Representment Requests responding via Disputes Form must attach documentation supporting the Representment Request to Discover Network at time of initiation of the Representment Request. Representment Requests that are not submitted in the required form and format, that do not include appropriate supporting documentation or that do not comply with these *Dispute Rules* may be rejected by Discover Network. If a Representment Request is rejected by Discover Network, the Chargeback will not be reversed.

Discover Network will review a Representment Request by an Acquirer or Merchant if Discover Network receives compelling evidence from the Acquirer or Merchant: (i) indicating that the Chargeback decision did not consider facts or information that was not available at the time of the Chargeback decision but that has become available, (ii) supporting the validity of the Card Sale, (iii) that the Issuer did not comply with its obligations described in Section 5.6.1.1 in connection with the Chargeback Request, or (iv) that the evidence submitted to Discover Network by the Issuer in support of the Chargeback Request did not consider information relevant to the Dispute.

Discover Network may reject a Representment Request from an Acquirer or Merchant if the Representment Request: (i) does not relate to an existing Dispute appearing in the Discover Network Disputes database; (ii) is a duplicate Representment Request; (iii) contains errors or is missing required information; (iv) is not timely filed with Discover Network; or (v) does not relate to a

Chargeback processed to the Acquirer or Merchant (e.g., the Acquirer or Merchant did not lose the underlying Dispute or the underlying Dispute has not yet been resolved by Discover Network). If a Representation Request is rejected by Discover Network because it contains errors or is missing required information, the Acquirer or Merchant may correct the errors or missing information and resubmit the Representation Requests to Discover Network for consideration.

6.2.2 Timing

The Acquirer or Merchant must submit a Representation Request to Discover Network within the timeframe set forth in Section 2.1 or the Representation Request will be rejected by Discover Network.

6.3 Discover Network Decisions on Representation Requests

Discover Network resolves Disputes in accordance with the rules specified in these *Dispute Rules*. Upon an Acquirer's or Merchant's submission of a Representation Request in accordance with Section 6.2, Discover Network will evaluate the evidence provided by the Acquirer or Merchant in support of the Representation Request and decide whether to process a Representation.

6.3.1 Representation Request Approved

If an Acquirer or Merchant provides Discover Network with compelling evidence, as described in each Reason Code in Sections 5.7-5.12, in support of the Card Transaction that is subject to Dispute, Discover Network will process a Representation to the Issuer of the amount subject to Dispute. Discover Network will effect Settlement of a Representation by initiating a credit in the amount of the Dispute to the Acquirer or Merchant and initiating a corresponding debit to the Issuer. The Issuer shall make Settlement with Discover Network in the amount of a Representation regardless of the Issuer's ability to collect the amount from the Cardholder.

6.3.2 Representation Request Declined

Discover Network may decline an Acquirer's or Merchant's Representation Request if the evidence submitted by the Acquirer or Merchant in support of the Representation Request (i) does not present compelling evidence supporting the validity of the Card Sale, (ii) does not identify new facts or information calling into doubt the propriety of the Chargeback, and (iii) does not identify any failure by the Issuer to comply with its obligations in connection with the Dispute. If the Acquirer or Merchant does not agree with the Representation decision, the Acquirer or Merchant may request Dispute Arbitration, as described in Section 7.0.

6.3.3 Representation without Acquirer or Merchant Request

In addition to processing a Representation at the request of an Acquirer or Merchant, Discover Network may also process a Representation on its own accord in the event that, within 60 calendar days after processing of a Chargeback with respect to a Card Transaction, Discover Network 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 5.6.1.1 in connection with the Chargeback Request.

6.4 Notification of Representation

Following the decision by Discover Network to process a Representation, Discover Network will send notice of the Representation to the Issuer and the Acquirer or Merchant, which will include relevant data supporting the Representation.

The Issuer may not initiate a new Dispute to recover from a Representation of a Card Transaction. Rather, an Issuer that disagrees with a Representation must comply with the Dispute Arbitration procedures described in Section 7.0 to contest a Representation.

6.5 Issuer Obligations in Connection with Representation

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

This page intentionally left blank.

7.0 Dispute Arbitration

7.1 Dispute Arbitration Overview

If an Issuer, Acquirer or Merchant disagrees with a decision by Discover Network regarding a Dispute, the Acquirer or Merchant may submit a Dispute Arbitration request to Discover Network. Acquirers must submit Dispute Arbitration requests in accordance with the Dispute File Format and Merchants must submit Dispute Arbitration requests in accordance with the Dispute Form. 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. The Dispute Arbitration request must include new documentation supporting the Dispute Arbitration request.

Dispute Arbitration is not available in connection with Good Faith Investigations under Section 9.0.

7.2 Issuer's Rights

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

- Documentation supporting a Chargeback Request that was previously unavailable is now available to the Issuer;
- Documentation indicating that Discover Network's Representment decision conflicted with these *Dispute Rules*; or
- Cardholder provides additional and new compelling evidence supporting the Dispute that was not previously received by Discover Network.
- Issuers may not initiate Dispute Arbitration with respect to BEN Disputes or Notice of Error Disputes.

7.3 Acquirer's or Merchant's Rights

The Acquirer or Merchant may request Dispute Arbitration for any of the following reasons:

- If documentation supporting the Representment Request was incomplete or was not received by Discover Network prior to the Representment decision by Discover Network;
- Documentation supporting the Representment Request that was previously unavailable is now available to the Acquirer or Merchant;
- Documentation indicating Discover Network's Representment decision conflicted with these *Dispute Rules*; or
- Merchant provides additional and new compelling evidence or Acquirer supporting the Dispute that was not previously received by Discover Network.
- Acquirers and Merchants may not initiate Dispute Arbitration with respect to BEN Disputes or Notice of Error Disputes.

7.4 Requirements for Initiation of a Dispute Arbitration

7.4.1 Timing

Any party to a Dispute may request Dispute Arbitration of the Dispute under the circumstances described in this Section 7.0. The requesting party has 45 calendar days from the date of Discover Network's last Dispute decision to request Dispute Arbitration. Discover Network will notify the other parties involved in a Dispute of a request for Dispute Arbitration.

7.4.2 Rejection of a Dispute Arbitration Request

Discover Network 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 Network Dispute database; (ii) is a duplicate request for Dispute Arbitration; (iii) contains errors or is missing required information; (iv) is not timely filed with Discover Network; or (v) relates to a Dispute for which Dispute Arbitration has already been closed. Discover Network 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 Network 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 Network for consideration.

7.5 Dispute Arbitration Process

In Dispute Arbitration, the Discover Network Dispute Department reviews all of the evidence provided by the parties relating to the Dispute, including any new evidence provided by the parties to the Dispute Arbitration. Upon approving a request for Dispute Arbitration, Discover Network will send a notice of Dispute Arbitration to the opposing party and the opposing party will have 45 calendar days to acknowledge the Dispute Arbitration and provide any new supporting documentation relating to the underlying Card Transaction to Discover Network. Failure to respond to notice of a Dispute Arbitration within such 45 day period may result in Discover Network deciding the Dispute Arbitration against the non-responsive party. Based upon its review of all available information and evidence relating to the Dispute, Discover Network shall resolve the Dispute in Dispute Arbitration consistent with and applying the principles set forth in these *Dispute Rules* within 15 Business Days of receiving the final evidence provided by all parties to the Dispute Arbitration.

Discover Network's decision regarding a Dispute Arbitration exhausts the parties' rights and remedies under these *Dispute Rules*.

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

7.6 Dispute Arbitration Fee

The party that loses the Dispute Arbitration will be responsible for paying the applicable Fees set forth in the Fee Schedule 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 Network the withdrawing party shall be deemed to have lost the Dispute Arbitration and may be assessed a Fee as set forth in the Fee Schedule to cover costs of the Dispute Arbitration.

8.0 Fees for Noncompliance with Dispute Rules

8.1 Issuer's Obligations

8.1.1 Fees for Initiating Chargeback Requests without Compelling Evidence

Issuers who initiate Chargeback Requests in any calendar month that are not supported by compelling evidence as required by Section 5.6.1.1 or that otherwise fail to comply with the requirements of these *Dispute Rules* (e.g. timeliness, form or format) may be notified in writing of their obligation to pay the Fees identified in the Fee Schedule.

8.2 Acquirer's and Merchant's Obligations

8.2.1 Fees for Excessive Disputes

Acquirers and Merchants are responsible for monitoring and responding to all Dispute Notices sent by Discover Network. If the number or percentage of Disputes resolved against an Acquirer or Merchant meets the Dispute threshold level identified in the Fee Schedule, Discover Network 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 Disputes resolved against the Acquirer or Merchant in a month compared to the number of valid Card Transactions processed or conducted by the Acquirer or Merchant for the month.

8.2.2 Fees for Non-Responses to Inquiry Ticket Retrieval Requests

Acquirers and Merchants are responsible for responding to Inquiry Ticket Retrieval Requests in a timely manner, as described in Section 4.0. If an Acquirer or Merchant exceeds the applicable non-response threshold level identified in the Fee Schedule, Discover Network may notify the Acquirer or Merchant in writing that Discover Network is assessing a Fee against the Acquirer or Merchant. Discover Network will determine whether an Acquirer or Merchant has exceeded the applicable non-response threshold level by calculating the percentage of Inquiry Ticket Retrieval Requests sent to the Acquirer or Merchant for which responses are not received in a timely manner by Discover Network.

8.2.3 Fee for Representment Requests

If an Acquirer or Merchant submits a Representment Request following a Chargeback, Discover Network may assess a Fee to the Acquirer or Merchant in accordance with the Fee Schedule.

8.2.4 Fee for Additional Images

Acquirers and Merchants may request copies from Discover Network of the evidence provided by an Issuer supporting a Dispute. Discover Network 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 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 6 months, Discover Network may assess an image fee in the amount set forth in the Fee Schedule for each image provided by Discover Network.

This page intentionally left blank.

9.0 Investigation and Resolution of Claims Outside Standard Dispute Initiation Timeframes

9.1 Obligations of Issuer

Under the limited conditions described below, an Issuer may request that Discover Network facilitate investigation of a claim by a Cardholder or the Issuer challenging a Card Transaction after the expiration of the standard Dispute initiation timeframes described in Sections 1.2.2 and 5.0 of these *Dispute Rules*.

To request such assistance from Discover Network, the Issuer shall notify Discover Network that the Issuer is conducting a good faith investigation of a Card Transaction on grounds that would support initiation of a Dispute if the Dispute initiation timeframe for the relevant Reason Code had not already lapsed (“Good Faith Investigation”). Discover Network will facilitate the Issuer’s Good Faith Investigation of the Card Transaction as described in Section 9.3.

9.2 Obligations of Acquirers and Merchants

Acquirers and Merchants may, but are not required to, respond to a notice of a request for a Good Faith Investigation received from Discover Network. If an Acquirer or Merchant responds to a notice of a request for a Good Faith Investigation, the response and all supporting documentation should be sent to the location and using the method of transmission designated by Discover Network in the notice.

9.3 Obligations of Discover Network

Discover Network will notify Acquirers and Merchants of an Issuer’s desire to conduct a Good Faith Investigation of a Cardholder or Issuer claim challenging a Card Transaction by sending a Good Faith Investigation notice to the Acquirer or Merchant. When Discover Network receives a response from an Acquirer or Merchant to a notice of a Good Faith Investigation, Discover Network shall review the response provided by the Acquirer or Merchant and respond as described below. Whether or not Discover Network receives a response from the Acquirer or Merchant, Discover Network will respond to an Issuer’s request for assistance in a Good Faith Investigation within 30 calendar days of receipt of the request.

If Discover Network determines that the documentation received from the Acquirer or Merchant in response to a Good Faith Investigation notice supports the validity of the Card Transaction, Discover Network will so notify the Issuer and will close the investigation with no further action by Discover Network. If the Acquirer or Merchant does not provide documentation to Discover Network in response to a Good Faith Investigation notice or if the documentation provided by the Acquirer or Merchant does not support the validity of the Card Transaction, Discover Network will so notify the Issuer and will close the investigation with no further action by Discover Network. If an Acquirer or Merchant acknowledges the validity of the Cardholder or Issuer claim underlying a Good Faith Investigation, the Acquirer or Merchant, may in its discretion, issue a credit directly to the applicable Cardholder Account or the Acquirer or Merchant may request that Discover Network debit the Acquirer’s or Merchant’s account and credit the Issuer. When Discover Network performs

this credit, Discover Network will include the transaction resulting from the resolution of the Good Faith Investigation in the ordinary Settlement between Discover Network and the parties affected.

10.0 Changes to Dispute Rules and DNDS

10.1 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. The updates issued in April shall become effective the following October, and the updates issued in October shall become effective the following April.

10.2 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 10.1, Discover Network will provide Acquirers, Merchants and Issuers with not less than 30 calendar days' advance notice of such change, provided, however, that Discover Network may implement as soon as reasonably practicable any changes to these *Dispute Rules* that Discover Network believes are necessary to address an imminent or ongoing material adverse threat to Discover Network or other participants on or constituencies of the Discover Network.

10.3 Updates to the DNDS/Dispute File Format/Dispute Form

Discover Network may update the DNDS, the Dispute File Format and/or the Dispute Form monthly or at such other interval as Discover Network deems appropriate, in its sole discretion, provided that any changes to the DNDS, the Dispute File Format and/or the Dispute Form that require concomitant changes to the *Dispute Rules* will be made consistent with the timeframes and procedures outlined in Sections 10.1 and 10.2 above.

10.4 Notice of Changes

Discover Network 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 Discover Network's records, or Discover Network may make changes to these *Dispute Rules* available to Acquirers, Merchants and Issuers through publication.

This page intentionally left blank.

11.0 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 Network 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 Discover Financial Services LLC 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 Network 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 Discover Financial Services LLC, as amended from time to time.

ADDRESS VERIFICATION

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

ADDRESS VERIFICATION SERVICE or AVS

The service provided by Discover Network 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.

AGREEMENT

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

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 Discover Network ATM Transactions from ATM Operators and transmits these transactions to Discover Network pursuant to an agreement between Discover Financial Services LLC and the ATM Network.

ATM OPERATOR

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

AUTHORIZATION

The process whereby an Issuer, or another Person (including Discover Network) 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 CODE

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

AUTHORIZATION REQUEST

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

AUTHORIZATION RESPONSE

The response of an Issuer to an Authorization Request, which may include an approved or declined Authorization decision.

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.

AUTOMATIC PAYMENT(S)

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 an Automatic Payment Plan. Such transactions may also be referred to as "recurring billing" Card Sales.

AUTOMATIC PAYMENT PLAN

An obligation, either of a fixed or variable amount, that is paid by a Cardholder with a series of charges to an Account over a period of time pursuant to an agreement between the Cardholder and the Merchant.

AVS or ADDRESS VERIFICATION SERVICE

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

BIOMETRIC CARD TRANSACTION

A Card Transaction where the Cardholder's identity is verified and the Card Transaction is effected using the Cardholder's unique finger print or other unique physical or physiological characteristic, in addition to any other requirements applicable to the Card Transaction in the Operating Regulations.

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.

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 CARD 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, Representation, reversal or correction.

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 Over, where such transaction is conducted pursuant to a Cash Agreement with Discover Financial Services LLC. 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 that is permitted by Discover Network to dispense Cash Advances.

CASH AGREEMENT

An agreement or operating regulations, including any Agreement or applicable Operating Regulations, between Discover Financial Services LLC 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 OVER

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

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.

CHARGEBACK

A transaction processed by Discover Network 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 Network to process a Chargeback.

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.

CONTACTLESS CARD TRANSACTION

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

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

A "Credit Card," as such term is defined under 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 Discover Financial Services LLC, as amended from time to time.

CREDIT SLIP

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

CVV OR CVV 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.

DEDIT 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 Discover Financial Services LLC and an Issuer pursuant to which the Issuer is authorized to issue Debit Cards for use on the Discover Network, 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 Discover Financial Services LLC, as amended from time to time.

DISCOVER NETWORK

The operating name used by Discover Financial Services LLC to operate its network supporting Issuers, Merchants, Acquirers and ATM Networks.

DISCOVER NETWORK 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 the Discover Network.

DISCOVER NETWORK DISPUTE DEPARTMENT

The Discover Network 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 Network.

DISCOVER NETWORK DISPUTE SYSTEM

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

DISCOVER NETWORK MERCHANT NUMBER

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

DISPUTE

An Inquiry Ticket Retrieval Request, Dispute Ticket Retrieval Request, Chargeback Request, Chargeback, Representment Request or Representment, as the context may require, by an Issuer, Acquirer, Merchant or Discover Network, including supporting information and documentation provided by the Issuer, Acquirer or Merchant in connection with any of the foregoing, and Discover Network's process of resolving or effecting any of the foregoing, including Dispute Arbitration, as more fully described herein and in the applicable Operating Regulations.

DISPUTE ARBITRATION

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

DISPUTE FILE FORMAT

Electronic messaging form and format established by Discover Network for use by Acquirers in sending information regarding Disputes to Discover Network and receiving information regarding Disputes from Discover Network.

DISPUTE FORM

Paper messaging form and format established by Discover Network for use by Merchants in sending information regarding Disputes to Discover Network and receiving information regarding Disputes from

Discover Network. Merchants will submit Dispute Forms to Discover Network and will receive Dispute Forms from Discover Network by fax or mail delivery.

DISPUTE NOTICE

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

DISPUTE RULES

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

DISPUTE 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. A Dispute Ticket Retrieval Request will become a Chargeback Request if the Acquirer or Merchant fails to respond or provides an inadequate response to the request.

DNDS

The Discover Network Dispute System.

FEE

One or more fees assessed by Discover Network against an Acquirer, Merchant or Issuer under these *Dispute Rules*, as set forth on the Fee Schedule.

FEE SCHEDULE

The schedule attached as an exhibit to the applicable Agreement that identifies the various Fees that Discover Network may assess against Acquirers, Merchants and Issuers thereunder.

GOOD FAITH INVESTIGATION

An investigation by an Issuer of a Cardholder or Issuer 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. Upon request, Discover Network will facilitate an Issuer's Good Faith Investigation as described in **Section 9.0**.

PREPAID IDENTITY KNOWN CARD

An "Prepaid Identity Known Card," as such term is defined under the applicable Operating Regulations.

PREPAID IDENTITY KNOWN CARD TRANSACTION

A Card Transaction conducted using an Prepaid Identity Known Card.

INQUIRY 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.

ISSUER AGREEMENT

The agreement between Discover Financial Services LLC and an Issuer pursuant to which the Issuer is authorized to issue Credit Cards, Debit Cards, and/or Prepaid Cards for use on the Discover Network, as more fully described in the applicable Operating Regulations.

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 Discover Financial Services LLC and the applicable Operating Regulations.

ISSUER AGREEMENT

The agreement between Discover Financial Services LLC and an Issuer pursuant to which the Issuer is authorized to issue Credit Cards, Debit Cards, and/or Prepaid Gift 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.

MERCHANT

A party to a Merchant Agreement and/or a Cash Agreement with Discover Financial Services LLC 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 Discover Financial Services LLC or an Acquirer, that licenses or sublicenses 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 Discover Financial Services LLC and a Merchant.

MCC

Merchant Category Code.

MERCHANT CATEGORY CODE

The business classification on the Discover Network assigned by the Acquirer or Discover Network to a particular Merchant based upon the Merchant Category Code table maintained by Discover Financial Services LLC 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 Network from time to time. “Merchant Operating Regulations” include the Canadian Merchant Operating Regulations and any other international Merchant Operating Regulations that may be promulgated by Discover Network from time to time.

NO SIGNATURE REQUIRED CARD SALE

A Card Sale in an amount less than USD \$25.00 for which the Merchant is not required to obtain a Cardholder signature, as more fully described in the Acquirer Operating Regulations and Merchant Operating Regulations.

OPERATING REGULATIONS

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

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

A Cardholder's personal identification number or code assigned by the Issuer to certain Account(s) which may be used by the Cardholder at a Merchant, ATM or other location as one method of identifying the Cardholder.

POS DEVICE

An electronic point-of-sale device, 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.

PREPAID CARD

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

PREPAID CARD TRANSACTION

A Card Transaction conducted using a Prepaid Card.

PREPAID GIFT CARD

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

PREPAID GIFT CARD TRANSACTION

A Card Transaction conducted using a Prepaid Gift Card.

PREPAID CARD ISSUER AGREEMENT

The agreement between Discover Financial Services LLC 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 GIFT CARD TRANSACTION

A Card Transaction conducted using a Prepaid Gift Card.

PROCESSING DATE

The date that Discover Network transmits files or messages to the Issuer and Acquirer or Merchant, as applicable, after Discover Network 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 as specified by the Cardholder.

QUASI CASH

A Card Sale in which the Cardholder purchases value from a Merchant that can be used to conduct future transactions with the Merchant or other Merchants signed by the Acquirer.

REASON CODE

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

REPRESENTMENT

A decision by Discover Network to reverse a Chargeback of a Card Transaction.

REPRESENTMENT REQUEST

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

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, at which the Merchant is required to obtain a Cardholder signature for each Card Sale.

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, Representation, reversal or Dispute Arbitration decision, as effected by Discover Network.

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 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 a Biometric Card Transaction.

TECHNICAL SPECIFICATIONS

Certain documents prepared by Discover Network 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 Network and Issuers. “Technical Specifications” as used herein includes the “Technical Specifications Manual,” as such term is defined in the Credit Operating Regulations, the Debit and Prepaid Operating Regulations and the Prepaid Gift Card Operating Regulations.

TICKET RETRIEVAL REQUEST

An Inquiry Ticket Retrieval Request or a Dispute Ticket Retrieval Request.

TRACK DATA

The data, including CVV, contained on the magnetic stripe and/or wireless transmitter of a Card, which is captured by a POS Device or other electronic Card data capture terminal.

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 Swiped Card Transaction or Keyed Card Transaction where a POS Device is used), a copy of which is 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.

US\$

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

UNITED STATES

The United States of America, including the 50 states, the District of Columbia, and any commonwealth, territory or possession of the United States of America, including military bases and embassies.

VIRTUAL PREPAID CARD

A Prepaid Card that is not associated with a plastic card.