# MasterCard

| | FDS – North (former Chase) | FDMS – South | FDMS – Omaha | FDMS – North | CTS – Holdings (Memphis) |
|---|---|---|---|---|---|
| Applicable Business Unit | X | | X | X | X |
| X Potential Merchant/Client  Notification/Impact | | | | | |

## Support of Revised Standards for Processing Authorizations and Preauthorization-Update

As previously communicated, **effective October 14, 2016**, the revised standards to the processing of authorizations and pre-authorizations in remaining regions become effective; fees for non-compliance will be implemented in June 2017.

- A few enhancements are effective on April 2016 for non-Europe region acquirers to verify their compliance with the revised authorization message coding and processing standards  prior to compliance fees going into effective in the October 2016 release

**Modifications to Rules and Processing Standards**
- Authorizations must be reversed within 24 hours of transaction being cancelled or finalized with lower amount*

- Merchant must inform cardholder of authorization amount (when done for an estimated amount)*

- 15% - 20% extra payment guarantee is eliminated (except for signature-based gratuities)

- Chargeback protection is limited to 30 days for preauthorization's and seven days for undefined and final authorizations (excludes acquirer-financed and merchant-financed installment payments)

- Each authorization must be clearly coded either as a preauthorization, undefined authorization or final authorization based on their respective definitions

- Multiple (incremental) authorizations allowed for all merchant types (previously limited to car rental agencies, cruise line, and lodging merchant types)
    - Message must be outlined with the following coding: preauthorization, purchase, value more then zero, and have Trace ID in the message

*New rule does not apply to automated fuel dispenser and MasterCard Contactless (PayPass) transit aggregated or transit debt recovery transactions.

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# MasterCard

| | FDS – North (former Chase) | FDMS – South | FDMS – Omaha | FDMS – North | CTS – Holdings (Memphis) |
|---|---|---|---|---|---|
| Applicable Business Unit | X | | X | X | X |
| X Potential Merchant/Client  Notification/Impact | | | | | |

## Support of Revised Standards for Processing Authorizations and Preauthorization (Cont.)

**Three types of authorizations – Message Coding Standards**

### Preauthorization

- Original authorization is for an estimated or final amount

- Additional authorizations are allowed

- 30 days chargeback protection

- Payment can be cancelled

### Undefined Authorizations

- Authorization is for an estimated or final amount

- 7 days chargeback protection

- Payment not expected to be cancelled (except for technical decline)

### Final Authorizations

- Authorization is for final amount

- 7 days chargeback protection

- Payment may not be cancelled (except for technical decline)

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# MasterCard

| | FDS – North (former Chase) | FDMS – South | FDMS – Omaha | FDMS – North | CTS – Holdings (Memphis) |
|---|---|---|---|---|---|
| Applicable Business Unit | X | | X | X | X |
| X Potential Merchant/Client  Notification/Impact | | | | | |

## Support of Revised Standards for Processing Authorizations and Preauthorization (Cont.)

**Processing Integrity Fee Program**
Changes will been made to the Authorization Processing Integrity Acquirer Detail Report:

- Final Authorizations Not Meeting Necessary Requirement Processing Integrity Fee Program monitoring and reporting begins **April 2016** and fine assessments begin **June 2017**

- Authorizations Not Reversed or Cleared Processing Integrity Fee Program monitoring and reporting begins **April 25, 2016**, and  fine assessments begin **October 2016** for Preauthorization and **November 6, 2016** for Undefined Authorizations

**Data Integrity Fee Program**
Changes will been made to the Undefined Authorization and Preauthorization Data Integrity Programs:

- **Effective January 1, 2017,** MasterCard will begin to monitor and provide reporting for non-Europe region acquirers for new undefined authorization and preauthorization through their data integrity program and fine assessments begin **June 1, 2017**

- **Effective June 1, 2018,** MasterCard will revise the compliance standard threshold for the existing undefined authorization data integrity program that started in June 2017

**Business Impacts**
*First Data will request and accept the new MasterCard processing integrity reports and update all rules on authorization timelines based on the authorization type to the merchant specifications. Clients should review their merchant accounts to determine the correct authorization indicator value based on the individual merchants processing needs.*

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