Answering Your Questions:

What is Credit Card Cost Control (C4)?

It is our new surcharge pricing program that makes the cost of credit card acceptance effectively free for merchants. Cardholders are asked to pay a surcharge fee during a credit card transaction. If the cardholder chooses to use a debit card instead, the merchant will be charged just 1% +$0.25 for the transaction. The payment system, whether it is a device or online, will clearly display the transaction total with the surcharge listed as a separate line item. The receipt provided to the cardholder will also show the surcharge fee broken out as a separate charge on the transaction.

What card brands can a merchant accept with C4?

All the major credit card brands, which includes Visa, Mastercard, American Express, and Discover. Additionally, the merchant will be able to accept all U.S. issued debit cards, but no surcharge is applied to debit card transactions.

EBT is also supported and will be accepted under debit card rates of 1% +$0.25 per transaction. Surcharge will not be applied to EBT payments. The merchant will be responsible for the transaction costs.

What standalone (Class A) payment terminals support C4?

The newest Tetra terminals: Desk 3500, Desk 5000, and Move 5000.

Are there any restrictions on the use of C4?

The following rules must be adhered to when selling C4:

- Surcharge is not legal in 6 states: Colorado, Connecticut, Kansas, Maine, Massachusetts, Oklahoma

- C4 is not supported in Puerto Rico or Canada

- C4 cannot be sold to a single MID that has a mix of terminals of which some are not able to surcharge. A merchant must surcharge on all terminals at the MID, or not surcharge at all.

- Surcharge disclosures must be posted as indicated depending on the payment environment, no exceptions

- Acquirer monthly minimums apply to C4, however there are no specific C4 minimums to qualify for the C4 pricing.

Can I surcharge at one physical location and not another?

Yes, a merchant with different physical locations, each with its own MID, may choose at which locations to surcharge. This is also true for merchants with sites in different states, some of which may not allow surcharge on a transaction. A merchant may choose to surcharge at a site in a state that allows surcharging while not surcharging at a site that is located in a state where it is illegal to surcharge.

Can I surcharge through an eCommerce site?

Yes, you can surcharge card not present transactions through our Converge eCommerce platform. C4 is currently supported by our Hosted Payment page, Virtual Terminal, XML API, and Checkout.js offerings.

Can I surcharge some areas or functions of my eCommerce site, but not others?

The rules for standalone terminals under a single MID still apply for Converge transactions. Your business must either surcharge not surcharge transactions conducted under a single MID regardless of what is being paid for, where the person is coming from, or what card brand the cardholder presents.

Can I surcharge a MOTO transaction?

Yes, however you should consult with your legal counsel on the disclosure language required to remain compliant with all state laws on surcharging. Additionally, consult Card Brand rules and guidelines on best practices and requirements for MOTO surcharging. If you choose to use the Converge Virtual Terminal, legal and compliance language is provided to you since you are required to follow the process prescribed by the solution.

Can I surcharge if I'm located in a restricted location but the cardholder is in a state where surcharge is not restricted?

We always recommend that a merchant contact their own legal counsel who can advise them on cross-state commerce and surcharging compliance. We are not merchant's legal counsel. Based on our understanding, surcharge rules are restricted based on the business address, not the cardholder's residence. For card present transactions this makes a lot of sense, as a cardholder visiting another state is held to that state's rule not the cardholder's home state. However, this kind of distinction is harder to define for businesses with eCommerce traffic. You should understand that there may be legal and regulatory rules to consider when using surcharge in various eCommerce scenarios.

For Converge eCommerce with surcharging: Please consult with your legal counsel about the rules of surcharging when conducting business online. We're not legal counsel and cannot best advise you on rules particular your state, locality, or transaction traffic.

What should I do if I am a mobile business that travels between states where surcharge is allowed in one but not another?

You will need to have an alternative to surcharge when in states where surcharging is not allowed. This can be done through either a second MID, or by transitioning the primary MID to a different pricing program for the duration of your visit to a non-surcharging state.

What if I am a merchant at a site that has several MIDs at the same address? Can one MID surcharge and not the rest?

Yes, in a situation where a single address has several MIDs, each with a separate and distinct line of business, each MID may make a choice to surcharge or not. An example of this would be a gift store inside a hospital. The gift store can choose to surcharge while the hospital does not. This is also true for multi-MID scenarios where there is one device loaded with several MIDs supporting separate and distinct lines of business, such as in the case of hairdressers. Each MID may elect to use surcharge or not. However, the spirit of the rule of non-discrimination in surcharge must still be followed. A business cannot set-up one MID that does surcharge and one that does not for the sole purpose of surcharging some cards and not other cards.

Can I choose to charge different surcharges for different cards?

No, every every credit card transaction authorized at a C4 enabled business will be surcharged at the same set rate.

Can I choose to only accept credit cards, or not offer the cardholder a choice to use a debit card?

No, at this time a merchant must be setup with credit and debit card acceptance. There are card brand programs that allow for a merchant to choose to accept debit-only or credit-only, but we are not supporting that option at this time with C4. If a business wishes to decline debit cards, we recommend consulting legal counsel first as that action may be illegal in some areas.
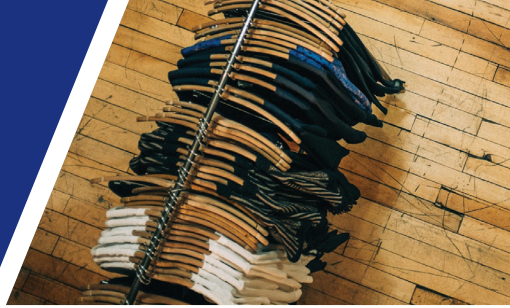
Will cardholders still receive reward points from credit card companies if the card is surcharged?

Yes, cardholders will still receive points on their credit cards. A surcharge transaction does not impact credit card reward points.

Why is a Mastercard Business Debit card being surcharged?

Mastercard Business Debit cards are classified as a credit product by Mastercard. While this nomenclature versus classification can be misleading, our systems are able to accurately recognize a card's eligibility for surcharge using the BIN range and comparing it to the classifications issued by the card brands. While a Business Debit card may have a PIN, it is still classified as a credit card because it draws funds from a credit line, and will be surcharged as a result. In cases such as this, the credit card is configured with PIN authorization, which most card issuers in Europe and Canada already do, credit with PIN authorization. Debit Optimization has made PIN prompting the recommended path for debit card authorization, and debit cards will not be surcharged, regardless of whether a PIN is entered or not. In contrast to that, credit cards will always be surcharged regardless of whether a PIN is entered or not.

How does this program work alongside Debit Optimization?

Debit Optimization is the logic Tetra terminals use to identify debit cards. When a debit card is presented at a C4-enabled terminal, the terminal will prompt for PIN entry and direct a cardholder to use their PIN to authorize the transaction. The cardholder has the option to PIN bypass. Either way, C4 does not add a surcharge fee to a debit (signature or PIN) transaction. There is also verification logic that is applied through the authorization process for keyed and swiped transactions. C4 does not change the functionality of Debit Optimization on Tetra terminals. Please refer to Debit Optimization documentation for more details on the program.

Converge uses a different technical design to identify debit cards. Debit Optimization is not supported on Converge CNP at this time.

Does C4 work with tip functionality on the Tetra devices?

Yes. The cost of the transaction with tip will vary based on the tip capture model:

- Tip entered at time of sale: the surcharge is applied to the total transaction including tip. The surcharge fees applies to the full payment amount (sale, tax and tip)
- Tip adjust after card payment accepted: The surcharge is applied to the sale and tax amount only. The business is responsible for the processing costs of the tip. This means that the merchant will pay the surcharged percentage applied to the tip portion only.

## What additional services is C4 compatible with on the Tetra devices?

This is not a holistic list. For specific inquiries not covered here, please contact your Customer Account Manager.

- Safe-t
- Debit Optimization
- Gift Card
- Loyalty
- Dynamic Currency Conversion

What do the card brands require for a merchant to be compliant with their surcharge rules?

Visa and Mastercard require a 30-day notification of a merchant's intent to surcharge. It is an easy online form that the merchant fills out once they decide to surcharge. We deploy the terminal when the boarding application is complete. Card brands also require a merchant to post notices to cardholders of the merchant's surcharge program. We provide a set of stickers with each C4 deployment, one sticker for the point-of-entry and one for point-of-sale, which are compliant with card brand language requirements.

Please note that businesses who use an email address with a general domain name such as yahoo, hotmail, gmail, etc, will not be able to do so successfully when notifying Mastercard. Businesses without a business-specific domain should email MasterCard directly with the answers requested in the registration form. The email address is: Registration_Merchant_Surcharge@Mastercard.com
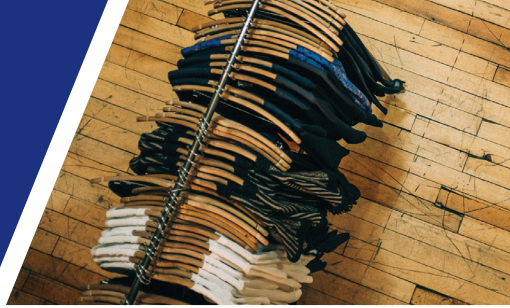
Will the surcharge amount be reflected in my batch file or Payments Insider report section?

No, under the Merchant Managed surcharge program the surcharge amount will not be shown in a separate line item. Only the full transaction amount will be reflected in the report. So if a merchant has a $100 transaction, and charges $3.00 for surcharge, the statement will reflect a $103 transaction in the report. The funding file will also reflect a fund of $103. If you are is setup on daily discount or on our surcharge program, then the statement and funding file will reflect only the $100 base transaction value.

Are there additional fees for processing?

All standard fees and compliance fees still apply. For instance, PCI DSS program fees will still be charged, and all additional services are still at a-la-carte pricing. Assessments will be turned off so that the processing rates are the pass-through surcharge fees for credit card transactions, and 1%+$0.25 for debit card transactions.

How are the surcharge fees collected?

You can choose whether you want to manage collecting and passing through the surcharge fee at the end of the billing period, or to just have the surcharge fees taken out before funds are pushed to your account after each batch.

Merchant Managed: The surcharge fees you collect will be funded to your DDA as part of your funding file for a batched submission. At the end of the billing period, you will see a debit against your account for total surcharge fees you collected, and were funded for, over the course of the billing cycle.

Acquirer Managed: The processor removes the surcharge fees you collected prior to sending the funding file to your DDA. No debit of the surcharge fees will appear on your account at the end of the period.

How is this different than Daily Discount?

Daily Discount takes all of that day's transaction fees out of the funding payment before it is sent to your DDA. This includes all credit and debit cards acceptance costs, instead of just the surcharge fees like under the processor-managed program. It is possible to have daily discount and one of the fee management programs.

Contact your Account Manager for more details about our Credit Card Cost Control (C4) program.