



# American Express

## Data Security Operating Policy – United States and Its Territories

As a leader in consumer protection, American Express has a long-standing commitment to protect Cardholder Data and Sensitive Authentication Data, ensuring that it is kept secure.

*Compromised data negatively impacts consumers, Merchants, Service Providers and card issuers. Even one incident can severely damage a company's reputation and impair its ability to effectively conduct business. Addressing this threat by implementing security operating policies can help improve customer trust, increase profitability, and enhance a company's reputation.*

*American Express knows that our Merchants and Service Providers (collectively, **you**) share our concern and requires, as part of your responsibilities, that you comply with the data security provisions in your agreement to accept (in the case of Merchants) or process (in the case of Service Providers) the American Express® Card (each, respectively, the **Agreement**) and this Data Security Operating Policy, which we may amend from time to time. These requirements apply to all your equipment, systems, and networks (and their components) on which encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of those) are stored, processed, or transmitted.*

*Capitalized terms used but not defined herein have the meanings ascribed to them in the glossary at the end of this policy.*

### SECTION 1 – STANDARDS FOR PROTECTION OF ENCRYPTION KEYS, CARDHOLDER DATA AND SENSITIVE AUTHENTICATION DATA

You must, and you must cause your Covered Parties to:

- store Cardholder Data only to facilitate American Express Card Transactions in accordance with, and as required by, the Agreement,
- comply with the current version of the Payment Card Industry Data Security Standard (**PCI DSS**) and PCI PIN Security Requirements no later than the effective date for implementing that version, and
- use, when deploying new or replacement PIN Entry Devices or Payment Applications (or both), in attended locations only those that are PCI-Approved.

You must protect all American Express Charge records, and Credit records retained pursuant to the Agreement in accordance with these data security provisions; you must use these records only for purposes of the Agreement and safeguard them accordingly. You are financially and otherwise liable to American Express for ensuring your Covered Parties' compliance with these data security provisions (other than for demonstrating your Covered Parties' compliance with this policy under Section 4 below except as otherwise provided in that section.

### SECTION 2 – DATA INCIDENT MANAGEMENT OBLIGATIONS

You must notify American Express immediately and in no case later than twenty-four (24) hours after discovery of a Data Incident.

To notify American Express, please contact the American Express Enterprise Incident Response Program (**EIRP**) toll free at 1-888-732-3750, or at 1-602-537-3021, or email at [EIRP@aexp.com](mailto:EIRP@aexp.com). You must designate an individual as your contact regarding such Data Incident.

- You must conduct a thorough forensic investigation of each Data Incident. For Data Incidents involving 10,000 or more unique American Express Card account numbers (or otherwise at American Express's request), you must engage a PCI Forensic Investigator (PFI) to conduct this investigation within five days following discovery of a Data Incident or as requested by American Express in its sole discretion. The unedited forensic investigation report must be provided to American Express within 10 business days after completion. If required, American Express may separately engage a PFI to conduct an investigation and assess the cost of such investigation to you.
- You must promptly provide to American Express all Compromised Card Numbers and the forensic

investigation report of the Data Incident. American Express reserves the right to conduct its own internal analysis to identify Card Numbers involved in the Data Incident.

- You must work with American Express to rectify any issues arising from the Data Incident, including consulting with American Express about your communications to American Express Cardmembers affected by the Data Incident and providing (and obtaining any waivers necessary to provide) to American Express all relevant information to verify your ability to prevent future Data Incidents in a manner consistent with the Agreement.

Forensic investigation reports must be completed using the current Forensic Incident Final Report Template available from PCI. Such report must include forensic reviews, reports on compliance, and all other information related to the Data Incident; identify the cause of the Data Incident; confirm whether or not you were in compliance with the PCI DSS at the time of the Data Incident; confirm your commitment to prevent future Data Incidents by (i) providing a plan for remediating all PCI DSS deficiencies and (ii) confirming your participation in the American Express compliance program (as described below). Upon American Express's request, you shall provide validation by a Qualified Security Assessor (*QSA*) that the deficiencies have been remediated.

Notwithstanding any contrary confidentiality obligation in the Agreement, American Express has the right to disclose information about any Data Incident to American Express Cardmembers, issuers, other participants on the American Express network, and the general public as required by applicable law; by judicial, administrative, or regulatory order, decree, subpoena, request, or other process in order to mitigate the risk of fraud or other harm or otherwise to the extent appropriate to operate the American Express network.

### SECTION 3 – INDEMNITY OBLIGATIONS FOR A DATA INCIDENT

Your indemnity obligations to American Express under the Agreement for Data Incidents shall be determined, without waiving any of American Express's other rights and remedies, under this Section 3.

American Express will not seek indemnification from you for a Data Incident (a) involving less than 10,000 unique Compromised Card Numbers, or (b), if:

- you notified American Express of the Data Incident pursuant to Section 2 of this policy,

- you were in compliance at the time of the Data Incident with the PCI DSS (as determined by the PFI's investigation of the Data Incident) and
- the Data Incident was not caused by your wrongful conduct or that of your Covered Parties.

You are liable to American Express as follows: For a Data Incident involving American Express Card account numbers alone, you shall compensate American Express promptly by paying a Data Incident non-compliance fee not to exceed US\$100,000 per Data Incident. For a Data Incident involving American Express Card account numbers with Sensitive Authentication Data, you shall compensate American Express promptly as follows:

- a Data Incident non-compliance fee not to exceed US\$100,000 per Data Incident
- at the rate of US\$5 per account number (This calculation applies to all Data Incidents reported to American Express after April 14, 2016)

American Express will exclude from its calculation any American Express Card account number that was involved in another Data Incident involving American Express Card account numbers with Sensitive Authentication Data, provided that American Express received notification of the other Data Incident within the twelve (12) months prior to the Notification Date. All calculations made by American Express under this methodology are final.

Merchants' indemnity obligations for Data Incidents hereunder shall not be considered incidental, indirect, speculative, consequential, special, punitive, or exemplary damages under the Agreement; provided that such obligations do not include damages related to or in the nature of lost profits or revenues, loss of goodwill, or loss of business opportunities.

In its sole discretion, American Express may reduce the indemnity obligation for Merchants solely for to Data Incidents discovered on or after October 13<sup>th</sup>, 2017 and that meet each of the following criteria:

- Applicable Risk-Mitigating Technologies were used prior to the Data Incident and were in use during the entire Data Incident Event Window,
- A thorough investigation in accordance with the Payment Card Industry Forensic Investigator (PFI) program was completed (unless otherwise previously agreed in writing),
- Forensic report clearly states the Risk-Mitigating Technologies were used to process, store and/or transmit the data at the time of the Data Incident, and
- You do not store (and did not store throughout the Data Incident Event Window) Sensitive

Authentication Data or any Cardholder Data that has not been made unreadable.

Where an indemnity reduction is available, the reduction to your indemnity obligation, will be determined as follows:

Indemnity Obligation Reduction	Required Criteria
Standard Reduction: 50%	>75% of total Transactions processed on Chip Enabled Devices <sup>1</sup> OR Risk-Mitigating Technology in use at >75% of Merchant locations <sup>2</sup>
Enhanced Reduction: 75% to 100%	>75% of all Transactions processed on Chip Enabled Devices <sup>1</sup> AND another Risk-Mitigating Technology in use at >75% of Merchant locations <sup>2</sup>

<sup>1</sup>As determined by American Express internal analysis

<sup>2</sup>As determined by PFI investigation

- The Enhanced Reduction (75% to 100%) shall be determined based on the lesser of the percentage of Transactions using Chip Enabled Devices AND Merchant locations using another Risk-Mitigating Technology. The examples below illustrate the calculation of the indemnity reduction.
- To qualify as a Risk-Mitigating Technology, you must demonstrate effective utilization of the technology in accordance with its design and intended purpose. For example, deploying Chip Enabled Devices and processing Chip Cards as Magnetic Stripe or Key Entered transactions, is NOT an effective use of this technology.
- The percentage of your locations that use a Risk-Mitigating Technology is determined by PFI investigation.
- The reduction in the Indemnity Obligation does not apply to any non-compliance fees payable in relation to the Data Incident.

Ex.	Risk-Mitigating Technologies in use	Enhanced Indemnity Obligation Reduction Eligible?	Reduction
1	80% of Transactions on Chip Enabled Devices	No	50%: Standard Reduction (Less than 75% use of Risk-Mitigating Technology does not qualify for Enhanced Reduction) <sup>1</sup>
	0% locations use other Risk-Mitigating Technology		

Ex.	Risk-Mitigating Technologies in use	Enhanced Indemnity Obligation Reduction Eligible?	Reduction
2	80% of Transactions on Chip Enabled Devices	Yes	77%: Enhanced Reduction (based on 77% use of Risk-Mitigating Technology)
	77% locations use other Risk-Mitigating Technology		
3	93% of Transactions on Chip Enabled Devices	Yes	93%: Enhanced Reduction (based on 93% of Transactions on Chip Enabled Devices)
	100% locations use other Risk-Mitigating Technology		
4	40% of Transactions on Chip Enabled Devices	No	50%: Standard Reduction (Less than 75% of Transactions on Chip Enabled Devices does not qualify for Enhanced Reduction)
	90% locations use other Risk-Mitigating Technology		

<sup>1</sup>A Data Incident involving 10,000 American Express Card Accounts, at a rate of \$5 per account number (10,000 x \$5 = \$50,000) may be eligible for a reduction of 50%, reducing the Indemnity Obligations from \$50,000 to \$25,000, excluding any non-compliance fees.

## SECTION 4 – IMPORTANT! PERIODIC VALIDATION OF YOUR SYSTEMS

You must take the following steps to validate under PCI DSS annually and quarterly as described below, the status of your and your Franchisees' equipment, systems and/or networks (and their components) on which Cardholder Data or Sensitive Authentication Data are stored, processed or transmitted.

There are four steps required to complete validation:

**Step 1** – Participate in American Express's compliance program under this policy.

**Step 2** – Understand your Level and Validation Requirements.

**Step 3** – Complete the Validation Documentation that you must send to American Express.

**Step 4** – Send the Validation Documentation to American Express within the prescribed timelines.

**Step 1 – Participate in American Express’s Compliance Program under this Policy**

Level 1 Merchants, Level 2 Merchants and all Service Providers, as described below, must participate in American Express’s compliance program under this policy by providing the full name, e-mail address, telephone number, and physical mailing address of an individual who will serve as their general data security contact. You must submit this information to Trustwave, which administers the program on behalf of American Express, by one of the methods listed in Step 4 below. You must notify Trustwave if this information changes, providing updated information where applicable.

American Express may require, in our sole discretion, certain Level 3 and Level 4 Merchants to participate in American Express’s compliance program under this policy by sending them written notice. Any such Merchant must enroll in the compliance program no later than 90 days following receipt of the notice.

American Express reserves the right to verify the results of your PCI Validation process including by engaging, at American Express’s expense, a Qualified Security Assessor (QSA) of our choice.

**Step 2 – Understand your Level and Validation Requirements**

There are four Levels applicable to Merchants and two Levels applicable to Service Providers based on your volume of American Express Card Transactions. For Merchants, this is the volume submitted by their establishments that roll-up to the highest American Express Merchant account level.\* You will fall into one of the Levels specified in the Merchant and Service Provider tables below.

Buyer Initiated Payments (BIP) transactions are not included in the volume of American Express Card Transactions to determine Merchant Level and validation requirements.

\*In the case of Franchisors, this includes volume from their Franchisee establishments. Franchisors who mandate that their Franchisees use a specified Point of Sale (POS) System or Service Provider also must provide validation documentation for the affected Franchisees.

**Merchant Requirements**

Merchants (not Service Providers) have four possible classifications regarding their Level and validation requirements. After determining the Merchant Level from the list below, see the Merchant Table to determine validation documentation requirements.

- **Level 1 Merchant** – 2.5 million American Express Card Transactions or more per year; or any Merchant that American Express otherwise, in its discretion, deems a Level 1.
- **Level 2 Merchant** – 50,000 to 2.5 million American Express Card Transactions per year.
- **Level 3 Merchant** – 10,000 to 50,000 American Express Card Transactions per year.
- **Level 4 Merchant** – Less than 10,000 American Express Card Transactions per year.

*Merchant table*

Merchant Level/ Annual American Express transactions	Validation Documentation		
	On-Site Assessment Report on compliance (ROC)	Self Assessment Questionnaire (SAQ) AND quarterly network scan	STEP Attestation for eligible Merchants
Level 1/ 2.5 million or more	Mandatory	Not Applicable	Optional (replaces ROC)
Level 2/ 50,000 to 2.5 million	Optional	SAQ Mandatory (unless submitting an On-Site Assessment). Scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 3/ 10,000 to 50,000	Optional	SAQ Optional (Mandatory if required by American Express). Scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 4/ 10,000 or less	Optional	SAQ Optional (Mandatory if required by American Express). Scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)

\*For the avoidance of doubt, Level 3 and Level 4 Merchants need not submit Validation Documentation unless required in American Express’ discretion, but nevertheless must comply with, and are subject to liability under all other provisions of this Data Security Operating Policy.

**Security Technology Enhancement Program (STEP)**

Merchants that are compliant with PCI DSS may also, at American Express’ discretion, qualify for American



Express's Security Technology Enhancement Program (STEP) if they deploy certain additional security technologies throughout their Card processing environments. STEP applies only if the merchant has not experienced a Data Incident in the previous 12 months and if 75% of all merchant Card Transactions are performed using:

- **EMV** – on an active Chip-Enabled Device having a valid and current EMVCo (www.emvco.com) approval/certification and capable of processing AEIPS compliant Chip Card Transactions. (U.S. Merchants must include Contactless)
- **Point to Point Encryption (P2PE)** – communicated to the Merchant's processor using a PCI-SSC-approved or QSA-approved Point to Point Encryption system

Merchants eligible for Security Technology Enhancement Program have reduced PCI Validation Documentation requirements, as further described in Step 3 below.

### Service Provider Requirements

Service Providers (not Merchants) have two possible classifications regarding their level and validation requirements. After determining the Service Provider level from the list below, see the Service Provider Table to determine validation documentation requirements.

**Level 1 Service Provider** – 2.5 million American Express Card Transactions or more per year; or any Service Provider that American Express otherwise deems a Level 1.

**Level 2 Service Provider** – less than 2.5 million American Express Card Transactions per year; or any Service Provider not deemed Level 1 by American Express.

Service Providers are not eligible for Security Technology Enhancement Program (STEP).

### Service Provider table

Level	Validation Documentation	Requirement
1	Annual Onsite Security Assessment Report	Mandatory
2	Annual Self-Assessment Questionnaire D (Service Provider) and Quarterly Network Scan. <b>OR</b> Annual Onsite Security Assessment Report on Compliance, if desired	Mandatory

It is recommended that Service Providers also comply with the PCI Designated Entities Supplemental Validation

## Step 3 – Complete the Validation Documentation that you must send to American Express

The following documents are required for different levels of Merchants and Service Providers as indicated in the Merchant and Service Provider Tables above.

**Annual Onsite Security Assessment** – The Annual Onsite Security Assessment is a detailed onsite examination of your equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed or transmitted. It must be performed by:

- a QSA, or
- you, and certified by your chief executive officer, chief financial officer, chief information security officer, or principal and submitted annually to American Express on the applicable Attestation of Compliance (AOC).

The AOC must certify compliance with all requirements of the PCI DSS and, upon request, include copies of the full report on compliance (Level 1 Merchants and Level 1 Service Providers).

**Annual Self-Assessment Questionnaire** – The Annual Self-Assessment is a process using the PCI DSS Self-Assessment Questionnaire (**SAQ**) that allows self-examination of your equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted. It must be performed by you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal. The AOC section of the SAQ must be submitted annually to American Express. The AOC section of the SAQ must certify your compliance with all requirements of the PCI DSS and include full copies of the SAQ on request (Level 2, Level 3 and Level 4 Merchants; Level 2 Service Providers).

**Quarterly Network Scan** – The Quarterly Network Scan is a process that remotely tests your Internet-connected computer networks and web servers for potential weaknesses and vulnerabilities. It must be performed by an Approved Scanning Vendor (**ASV**). On a quarterly basis, you must complete and submit the ASV Scan Report Attestation of Scan Compliance (**AOSC**) or the executive summary of findings of the scan (and copies of the full scan, upon request) to American Express. The AOSC or executive summary must certify that the results satisfy the PCI DSS scanning procedures, that no high risk issues are identified, and that the scan is passing or compliant (all Merchants except those who also submit an Onsite Security Assessment Report, and Security

Technology Enhancement Program-eligible Merchants; and all Service Providers). For the avoidance of doubt, Quarterly Network Scans are mandatory if required by the applicable Self Assessment Questionnaire.

**Annual Security Technology Enhancement Program (STEP) Attestation Validation Documentation** – The American Express Annual STEP Qualification Attestation (“STEP Attestation”) is available only to merchants who meet the criteria listed in Step 2 above. The STEP Attestation involves a process using PCI DSS requirements that allows self-examination of your equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted. It must be performed by you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal. You must complete the process by submitting the STEP Attestation form annually to American Express. (STEP-eligible Merchants only). The Annual Security Technology Enhancement Program Attestation document is available for download via Trustwave’s secure portal.

**Summary of Compliance** – The Summary of Compliance (“SOC”) is a document by which a Franchisor or Service Provider may report the PCI Compliance status of its franchisees. The SOC template is available for download via Trustwave’s secure portal.

**Non Compliance with PCI DSS** – If you are not compliant with the PCI DSS, then you must submit one of the following documents:

- an Attestation of Compliance (AOC) including “Part 4. Action Plan for Non-Compliant Status”
- a PCI Prioritized Approach Tool Summary and Attestation of Compliance (PASAOC)
- a Project Plan Template (available for download via Trustwave’s secure portal)

Each of the above documents must designate a remediation date, not to exceed 12 months following the document completion date in order to achieve compliance. You must submit the appropriate document to American Express by one of the methods listed in Step 4 below. You shall provide American Express with periodic updates of your progress toward remediation of your Non-Compliant Status” (Level 1, Level 2, Level 3 and Level 4 Merchants; All Service Providers). For the avoidance of all doubt, Merchants that are not compliant with PCI DSS are not eligible for the Security Technology Enhancement Program (STEP).

American Express shall not impose non-validation fees (described below) on you for non-compliance prior to the

remediation date, but you remain liable to American Express for all Indemnity Obligations for a Data Incident and are subject to all other provisions of this policy.

## Step 4 – Send the Validation Documentation to American Express

All Merchants and Service Providers must submit the Validation Documentation marked “mandatory” in the tables in Step 2.

You must submit your Validation Documentation to Trustwave by one of these methods:

**Secure Portal:** Validation Documentation may be uploaded via Trustwave’s secure portal at <https://login.trustwave.com>.

Please contact Trustwave at 1-866-659-9016 or 1-312-267-3208 or via email at [AmericanExpressCompliance@trustwave.com](mailto:AmericanExpressCompliance@trustwave.com) for instructions on using this portal.

**Secure Fax:** Validation Documentation may be faxed to: 1-312-276-4019. Please include your name, DBA (Doing Business As) name, the name of your data security contact, your address and phone number, and, for Merchants only, your 10-digit American Express Merchant number.

If you have general questions about the program or the process above, please contact Trustwave at 1-866-659-9016 or 1-312-267-3208, or via email at [AmericanExpressCompliance@trustwave.com](mailto:AmericanExpressCompliance@trustwave.com).

Compliance and validation are completed at your expense. By submitting Validation Documentation, you represent and warrant to American Express that you are authorized to disclose the information contained therein and are providing the Validation Documentation to American Express without violating any other party’s rights.

## Non-Validation Fees and Termination of Agreement

American Express has the right to impose non-validation fees on you and terminate the Agreement if you do not fulfill these requirements or fail to provide the mandatory Validation Documentation to American Express by the applicable deadline. American Express will notify you separately of the applicable deadline for each annual and quarterly reporting period.

Description (Currency USD \$)	Level 1 Merchant or Level 1 Service Provider	Level 2 Merchant, Level 2 Service Provider or STEP Merchant	Level 3 or Level 4 Merchant
A non-validation fee will be assessed if the Validation Documentation is not received by the first deadline.	\$25,000	\$5,000	
An additional non-validation fee will be assessed if the Validation Documentation is not received within 30 days of the first deadline.	\$35,000	\$10,000	\$20 per month
An additional non-validation fee will be assessed if the Validation Documentation is not received within 60 days of the first deadline.	\$45,000	\$15,000	

If American Express does not receive your mandatory Validation Documentation within 60 days of the first deadline, then American Express has the right to terminate the Agreement in accordance with its terms as well as impose the foregoing non-validation fees cumulatively on you.

## SECTION 5 – CONFIDENTIALITY

American Express shall take reasonable measures to keep (and cause its agents and subcontractors, including Trustwave, to keep) your reports on compliance, including the Validation Documentation in confidence and not disclose the Validation Documentation to any third party (other than American Express’s affiliates, agents, representatives, Service Providers, and subcontractors) for a period of three years from the date of receipt, except that this confidentiality obligation does not apply to Validation Documentation that:

- i. is already known to American Express prior to disclosure;
- ii. is or becomes available to the public through no breach of this paragraph by American Express;
- iii. is rightfully received from a third party by American Express without a duty of confidentiality;

- iv. is independently developed by American Express; or
- v. is required to be disclosed by an order of a court, administrative agency or governmental authority, or by any law, rule or regulation, or by subpoena, discovery request, summons, or other administrative or legal process, or by any formal or informal inquiry or investigation by any government agency or authority (including any regulator, inspector, examiner, or law enforcement agency).

## SECTION 6 – DISCLAIMER

AMERICAN EXPRESS HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES, AND LIABILITIES WITH RESPECT TO THIS DATA SECURITY OPERATING POLICY, THE PCI DSS, THE EMV SPECIFICATIONS AND THE DESIGNATION AND PERFORMANCE OF QSAs, ASVs, OR PFIs (OR ANY OF THEM), WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. AMERICAN EXPRESS CARD ISSUERS ARE NOT THIRD PARTY BENEFICIARIES UNDER THIS POLICY.

## USEFUL WEB SITES

American Express Data Security:

<http://www.americanexpress.com/datasecurity>

PCI Security Standards Council, LLC:

<http://www.pcisecuritystandards.org>

## GLOSSARY

For purposes of this policy only, the following definitions apply:

**American Express Card, or Card,** means any card, account access device, or payment device or service bearing American Express’ or an affiliate’s name, logo, trademark, service mark, trade name, or other proprietary design or designation and issued by an issuer or a card account number.

**Attestation of Compliance, or AOC,** means a declaration of the status of your compliance with the PCI DSS, in the form provided by the Payment Card Industry Security Standards Council, LLC.

**Approved Point to Point Encryption (P2PE) Solution,** included on PCI SSC list of validated solutions or validated by a PCI SSC Qualified Security Assessor P2PE Company

**Approved Scanning Vendor, or ASV,** means an entity that has been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to certain PCI DSS requirements by performing vulnerability scans of internet facing environments.



**Attestation of Scan Compliance, or AOSC,** means a declaration of the status of your compliance with the PCI DSS based on a network scan, in the form provided by the Payment Card Industry Security Standards Council, LLC.

**Cardholder Data** has the meaning given to it in the then current Glossary of Terms for the PCI DSS.

**Cardmember** means an individual or entity (i) that has entered into an agreement establishing a Card account with an issuer or (ii) whose name appears on the Card.

**Charge** means a payment or purchase made on a Card.

**Chip** means an integrated microchip embedded on a Card containing Cardmember and account information.

**Chip Card** means a Card that contains a Chip and could require a PIN as a means of verifying the identity of the Cardmember or account information contained in the Chip, or both (sometimes called a "smart card", an "EMV Card", or an "ICC" or "integrated circuit card" in our materials).

**Chip-Enabled Device** means a point-of-sale device having a valid and current EMVco ([www.emvco.com](http://www.emvco.com)) approval/certification and be capable of processing AEIPS compliant Chip Card Transactions.

**Compromised Card Number** means an American Express Card account number related to a Data Incident.

**Covered Parties** means any or all of your employees, agents, representatives, subcontractors, Processors, Service Providers, providers of your point-of-sale equipment or systems or payment processing solutions, entities associated with your American Express Merchant account, and any other party to whom you may provide Cardholder Data or Sensitive Authentication Data (or both) access in accordance with the Agreement.

**Credit** means the amount of the Charge that you refund to Cardmembers for purchases or payments made on the Card.

**Data Incident** means an incident involving the compromise or suspected compromise of American Express encryption keys, or at least one American Express Card account number in which there is:

- unauthorized access or use of Encryption Keys, Cardholder Data or Sensitive Authentication Data (or a combination of each) that are stored, processed, or transmitted on your equipment, systems, and/or networks (or the components thereof) of yours or the use of which you mandate;
- use of such Encryption Keys, Cardholder Data or Sensitive Authentication Data (or a combination of each) other than in accordance with the Agreement; and/or
- suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Encryption Keys, Cardholder Data or Sensitive Authentication Data (a combination of each).

**Data Incident Event Window** means the period that begins as of the date of compromise, if known, or 365 days prior to the Notification Date if the actual date of compromise is not known.

The Data Incident Event Window ends 30 days after the Notification Date.

**EMV Specifications** means the specifications issued by EMVCo, LLC, which are available at <http://www.emvco.com>.

**EMV Transaction** means an integrated circuit card (sometimes called an "IC Card," "chip card," "smart card," "EMV card," or "ICC") transaction conducted on an IC card capable point of sale (POS) terminal with a valid and current EMV type approval. EMV type approvals are available at <http://www.emvco.com>.

**Encryption Key** ("American Express encryption key"), means all keys used in the processing, generation, loading and/or protection of Account Data. This includes, but is not limited to, the following:

- Key Encrypting Keys: Zone Master Keys (ZMKs) and Zone Pin Keys (ZPKs)
- Master Keys used in secure cryptographic devices: Local Master Keys (LMKs)
- Card Security Code Keys (CSCs)
- PIN Keys: Base Derivation Keys (BDKs), PIN Encryption Key (PEKs), and ZPKs

**Forensic Incident Final Report Template**, means the template available from the PCI Security Standards Council which is available at <https://www.pcisecuritystandards.org>.

**Franchisee**, means an independently owned and operated third party (including a franchisee, licensee, or chapter) other than an Affiliate that is licensed by a Franchisor to operate a franchise and that has entered into a written agreement with the Franchisor whereby it consistently displays external identification prominently identifying itself with the Franchisor's Marks or holds itself out to the public as a member of the Franchisor's group of companies.

**Franchisor** means the operator of a business that licenses persons or Entities (Franchisees) to distribute goods and/or services under, or operate using the operator's Mark; provides assistance to Franchisees in operating their business or influences the Franchisee's method of operation; and requires payment of a fee by Franchisees.

**Level 1 Merchant** – 2.5 million American Express Card Transactions or more per year; or any Merchant that American Express otherwise deems a Level 1.

**Level 2 Merchant** – 50,000 to 2.5 million American Express Card Transactions per year.

**Level 3 Merchant** - 10,000 to 50,000 American Express Card Transactions per year

**Level 4 Merchant** – Less than 10,000 American Express Card Transactions per year.

**Level 1 Service Provider** – 2.5 million American Express Card Transactions or more per year; or any Service Provider that American Express otherwise deems a Level 1.

**Level 2 Service Provider**– less than 2.5 million American Express Card Transactions per year; or any Service Provider not deemed Level 1 by American Express.



**Merchant** - means the merchant and all of its affiliates that accept American Express Cards under an Agreement with American Express or its affiliates.

**Notification Date** means the date that American Express provides issuers with final notification of a Data Incident. Such date is contingent upon American Express's receipt of the final forensic report or internal analysis and shall be determined in American Express's sole discretion.

**Payment Application** has the meaning given to it in the then current Glossary of Terms for Payment Card Industry Payment Application Data Security Standard, which is available at <https://www.pcisecuritystandards.org>.

**PCI-Approved** means that a PIN Entry Device or a Payment Application (or both) appears at the time of deployment on the list of approved companies and providers maintained by the PCI Security Standards Council, LLC, which is available at <https://www.pcisecuritystandards.org>.

**PCI DSS** means Payment Card Industry Data Security Standard, which is available at <https://www.pcisecuritystandards.org>.

**PCI Forensic Investigator, or PFI**, means an entity that has been approved by the Payment Card Industry Security Standards Council, LLC to perform forensic investigations of a breach or compromise of payment card data.

**PCI PIN Security Requirements**, means the Payment Card Industry PIN Security Requirements, which is available at <https://www.pcisecuritystandards.org>.

**PIN Entry Device** has the meaning given to it in the then current Glossary of Terms for the Payment Card Industry PIN Transaction Security (PTS) Point of Interaction (POI), Modular Security Requirements, which is available at <https://www.pcisecuritystandards.org>.

**Point of Sale (POS) System** means an information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, or payment engine or process, used by a Merchant, to obtain authorizations or to collect Transaction data, or both.

**Point-to-Point Encryption (P2PE)** means a solution that cryptographically protects account data from the point where a merchant accepts the payment card to the secure point of decryption

**Processor** means a service provider to Merchants who facilitate authorization and submission processing to the American Express network.

**Qualified Security Assessor, or QSA**, means an entity that has been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the PCI DSS.

**Risk-Mitigating Technology** – Technology solutions that improve the security of American Express Cardholder Data and Sensitive Authentication Data, as determined by American Express. To qualify as a Risk Mitigating Technology, you must demonstrate effective utilization of the technology in accordance with its design and intended purpose. Examples include: EMV, Point to Point Encryption, and tokenization.

**Self-Assessment Questionnaire, or SAQ**, means a self-assessment tool created by the Payment Card Industry Security Standards Council, LLC, intended to evaluate and attest to compliance with the PCI DSS.

**Sensitive Authentication Data** has the meaning given it in the then current Glossary of Terms for the PCI DSS.

**Service Providers** means authorized processors, third party processors, gateway providers, integrators of POS Systems, and any other providers to Merchants of POS Systems, or other payment processing solutions or services.

**Summary of Compliance or SOC** means a PCI validation document used by a Franchisor to indicate the PCI compliance status of its affected franchisees.

**Security Technology Enhancement Program (STEP)** means the American Express's program in which Merchants are encouraged to deploy technologies that improve data security. To qualify for STEP, Merchants must not have had a Data Incident in the 12 months prior to submitting the Annual STEP Attestation and conduct at least 75% of all Transactions using Point to Point Encryption or face to face Transactions using EMV Chip Enabled Devices.

**Transaction** means a Charge or a Credit completed by means of a Card.

**Validation Documentation** means the AOC rendered in connection with an Annual Onsite Security Assessment or SAQ, the AOSC and executive summaries of findings rendered in connection with Quarterly Network Scans, or the Annual Security Technology Enhancement Program Attestation.