



MERCHANT AGREEMENT

This Merchant Agreement (the “Agreement”) is made and executed in the City of _____, on this day of _____, by and between:

BANK OF THE PHILIPPINE ISLANDS, a universal banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office and place of business at BPI Card Center, 8753 Paseo de Roxas, Makati City, hereinafter referred to as “**BPI**”;

- and -

_____, a corporation duly organized and existing under and by virtue of the laws of the Philippines/sole proprietorship owned and operated by _____, doing business under the name and style “_____”, with principal office and place of business at _____, represented herein by its authorized representative _____, hereinafter referred to as the “**MERCHANT**”.

WITNESSETH THAT:

WHEREAS, BPI is engaged in the business of acquiring credit, debit and/or prepaid card transactions at affiliated merchant establishments and is licensed to enter into this Agreement with MERCHANT to honor these cards for the purchase of goods and/ or services from the MERCHANT’s establishments;

WHEREAS, the MERCHANT is duly licensed to engage in business and agrees to honor all credit, debit and/or prepaid cards, whether BPI issued or not, (each, a “Card”) as payment for its sale of goods and/or services, and agrees to be bound by the terms and conditions set forth hereunder;

NOW THEREFORE, for and in consideration of the foregoing premises, BPI and MERCHANT agree as follows:

DEFINITION OF TERMS

The following terms used in this Agreement shall have the following meanings:

- a. “**Account Data Compromise (ADC)**” is an incident involving the breach of a system or network environment where cardholder data is processed, stored or transmitted. An account data compromise can also involve the suspected or confirmed loss or theft of any material or records that contain cardholder data.
- b. “**Authorization**” refers to the approval obtained by the MERCHANT in processing a Card transaction. This may be obtained electronically via the point-of-sale (POS) terminal, an internet payment gateway service, BPI’s electronic Mail Order/Telephone Order (eMOTO) system, or manually by calling BPI’s 24-Hour Merchant Hotline 88-100 or 1-800-188-88100 (for provincial merchants) before a Card transaction is honored. Manual authorization through BPI’s Merchant Hotline shall only be required if a Point-of-Sale Terminal (POS) has not been installed, or if present, has failed to provide the necessary approval number. A successful Authorization shall be given an authorization or approval code number. However, BPI may, from time to time, issue detailed authorization procedures via a formal notice to the MERCHANT, which the MERCHANT will be bound to follow as the need arises (e.g. fraud control procedures or revisions based on MasterCard and/or Visa rules).
- c. “**Cards**” shall mean a Credit Card, Debit Card and/or a Prepaid/Gift Card.
- d. “**Cardholder**” shall mean the person whose name is imprinted/embossed on the Cards and whose signature appears on the signature panel as the authorized user thereof, or in the case of bearer

Prepaid/Gift Cards, shall refer to the holder of the Card.

- e. **“Charge Slips”** shall mean the paper forms supplied by BPI and accomplished by the MERCHANT for the purpose of processing a Credit Card transaction whereby the Authorization was obtained manually from BPI, or the authorization code was obtained through a non-BPI POS terminal.
- f. **“Chargeback”** shall mean the process by which BPI recovers from the Merchant the full/ partial amount of a transaction that has been paid by BPI. A chargeback transaction occurs when a Cardholder disputes a transaction, or where the MERCHANT failed to comply with any of the stipulated conditions and procedures herein. When the context so requires, Chargeback shall also mean the amount due from MERCHANT as a result of chargeback transaction.
- g. **“Credit Card”** shall mean a Card issued by BPI or other Card Issuers, which carry any international brand such as MasterCard/MasterCard Electronic, Visa/Visa Electron, or any proprietary brand such as BPI’s Express Credit Classic Card, with a credit line from which funds are drawn to pay for goods and/or services purchased by a Cardholder at affiliated merchant establishments.
- h. **“Days”** shall mean consecutive calendar days unless otherwise provided.
- i. **“Debit Card”** shall mean a Card issued by BPI or other bank Card Issuers, which may carry any international brand (e.g. MasterCard Debit/Maestro, Visa Debit/Visa Electron, etc.) or local proprietary brand such as BPI’s Express Teller Card, where funds are drawn from the cardholder’s savings or current deposit account maintained with such bank Card Issuer, and used to pay for goods and/or services purchased by a Cardholder at affiliated merchant establishments. Debit Cards include, but may not be limited to, those Cards issued by Expressnet, Bancnet and Megalink Member banks. BPI’s proprietary debit card system is called the Express Payment System.
- j. **“Electronic Draft Capture (EDC) Mode”** pertains to the electronic means by which a Card transaction is processed via a point-of-sale (POS) terminal. There is no need for the EDC Slips to be forwarded to BPI for manual posting to the Cardholder’s account. The transaction is posted automatically to the account of the Cardholder at the end of the day after batch settlement, for as long as the MERCHANT performs the settlement process via the POS terminal during the day.
- k. **“Merchant”** shall mean any business establishment duly licensed to do business in the Philippines, and is accredited by BPI to honor the Cards as payment for goods sold and/or services rendered.
- l. **“Payment Card Industry Data Security Standards (PCI-DSS)”** shall refer to the industry-wide framework, approved by the international card networks, which include, but may not be limited to, American Express, Discover Financial Services, JCB, MasterCard and Visa, which details a set of best practice requirements for protecting card data throughout the transaction and information lifecycle.
- m. **“Point-of-Sale (POS) Terminal”** is a device that is provided by BPI or by its accredited Third Party Providers to its accredited merchants used to secure Authorization for Card transactions. Merchants may also own their own POS terminals, and allow BPI to acquire/process transactions swiped through their terminals.
- n. **“Prepaid Card”** shall mean a Card issued by BPI or other Card Issuers, which carry any international brand such as MasterCard/MasterCard Electronic/MasterCard Debit, Visa/Visa Electron/Visa Debit, as well as any other proprietary brands such as the BPI Express Cash and/or Electronic Gift Certificates (eGCs) powered by BPI (e.g. the Ayala eGCs, Petron eFuel cards, etc.), where funds are drawn from a pre-loaded balance, and used to pay for goods and/or services at affiliated MERCHANT establishments.
- o. **“Sales Summary Sheet”** refers to the summary document that the MERCHANT accomplishes and submits to BPI along with the manual Charge Slips where Authorization was obtained other than through BPI’s POS terminal. The Sales Summary Sheet must contain the gross sales amount, total number of charge slips, discount rate, applicable government tax, and net payable amount, and will serve as settlement documents and as basis for BPI to pay the MERCHANT.
- p. **“Settlement”** refers to the end-of-batch or end-of-day processing for Credit Card and/or Prepaid Card transactions required to be done by the MERCHANT at least on a daily basis to post the day’s transactions to the Cardholders’ accounts, that triggers the request for the Acquirer to pay

MERCHANT the settlement proceeds. Settlement may be done electronically via the POS terminal, or manually using a Sales Summary Sheet and submitted to BPI along with the Charge Slips. No settlement process is required for Debit Card transactions as these are automatically settled at 10:00 PM everyday.

- q. **“Skimming”** is the theft of card information used in an otherwise legitimate transaction. The perpetrator can procure a victim’s card number using basic methods such as photocopying receipts or more advanced methods such as using a small electronic device (skimmer) to swipe and store hundreds of card numbers, which are then encoded into stolen or counterfeit plastic cards.
- r. **“Transaction Information Document (TID)”** refers to transaction documentations, such as formsets, records, sales slips, terminal receipts, and records of charges.
- s. **“Transaction Receipt”** shall mean the paper receipt generated by the point-of-sale (POS) terminal that constitutes completion of a Card transaction processed at the terminal. It may contain relevant data such as approval code, slip number, transaction certificate number, etc. for approved Card transactions, or an error message as the case may be.

GENERAL TERMS AND CONDITIONS

I. ACCEPTANCE OF CARD

- a. The MERCHANT shall honor without any discrimination all valid Cards when properly presented as payment from Cardholders for the purchase of goods and/or services at MERCHANT’s accredited outlets. The MERCHANT shall not engage in any acceptance practices or procedures that discriminate against or discourage the use of any of the Card brands, whether internationally branded such as MasterCard and/or Visa, or locally branded.
- b. Every Credit Card and Debit Card issued to bonafide Cardholders is non-transferable. Prepaid Cards may be issued without a Cardholder’s name, in which case they are to be construed as bearer cards and are thus transferable.
- c. The MERCHANT shall honor Cards only after it has determined the following:
 - c.1. For Credit Cards and/or Prepaid Cards, that the said cards are valid and have not yet expired;
 - c.2. The signature affixed by the Cardholder on the Transaction Receipt or Charge Slip in the presence of the store personnel of the MERCHANT is the same as the specimen signature appearing at the back of the Credit Card and/or Prepaid Card. In case of doubt, additional identification to determine the genuineness of the signature and identity of the Cardholder should be requested and so noted on the Transaction Receipt or Charge Slip.
 - c.3. For Debit Card transactions, the POS terminal will prompt the Cardholder to enter his Personal Identification Number (PIN). Unless the Transaction Receipt generates an APPROVED message, the EPS/Debit Card transaction should not be honored.
 - c.4. The Card is not mutilated, defaced nor does it bear any markings of alteration in the embossing or signature.
 - c.5. For transactions processed using a POS terminal, the last four (4) digits of the Card number printed on the Transaction Receipt match the last four (4) digits of the Card number embossed/printed at the front of the Card presented by the Cardholder.

II. TRANSACTION AMOUNT RESTRICTION

The MERCHANT shall not require or post signs indicating that they require a certain transaction amount before Cards can be accepted.

III. SURCHARGING PROHIBITION

Pursuant to Republic Act No. 7394, otherwise known as the Consumer Act of the Philippines, and further reiterated by the Department of Trade and Industry’s Department Administrative Order No. 10 Series of 2006, Section 5, all retailers who honor/accept Credit, Debit and/or Prepaid Cards for payment shall not require the Cardholders to pay a surcharge, extra charge, or additional charge over and above the price tag on the consumer goods and/or services. Price tags indicating a separate CASH PRICE and CARD PRICE on each product or service are not allowed.

Furthermore, it is agreed that all purchases made through the Express Payment System using valid ATM/Debit Cards shall be entitled to the **full discount on sale items**.

BPI reserves the right to chargeback to the MERCHANT any amount levied on any Card transaction over and above the cash selling price.

IV. AUTHORIZATION CALLS

- a. The MERCHANT must call BPI's 24-Hour Merchant Hotline 88-100 or 1-800-188-88100 (for provincial merchants) when any of the following circumstances is encountered:
 - a.1. The POS terminal is out of order. As the case may be, BPI may send its authorized representative to service the BPI-owned POS terminal and do whatever is necessary to fix the unit.
 - a.2. The Transaction Receipt or the POS terminal screen indicates a Call Refer, Call Issuer, or Call 88-100 message;
 - a.3. The MERCHANT believes that the Card presented may be counterfeit or stolen, or if the transaction in some manner appears suspicious;
 - a.4. The amount of the transaction exceeds the transaction amount set by BPI for the MERCHANT. BPI reserves the right to impose a transaction cap limit before transactions can be completed, where such limit will be communicated to the MERCHANT through an official letter at least five (5) banking days before effectivity date. Any losses due to fraudulent transactions arising from MERCHANT's non-compliance of the transaction cap, even if an approval was given by the POS terminal, will be for the account of the MERCHANT.
- b. MERCHANT must always provide the necessary information required in BPI's Merchant Operating Guide (MOG) whenever a request for manual Authorization is made.
- c. MERCHANT shall always use its best efforts, by reasonable and peaceful means, to retain the Card while making an authorization inquiry and/or in response to an authorization request where the MERCHANT is advised to obtain or hold on to the Card.

V. COMPLETION OF CARD TRANSACTION

- a. Each Transaction shall be covered by a Transaction Receipt generated by the POS terminal, or by a Charge Slip prepared manually. MERCHANT represents and warrants to BPI that all Transaction Receipts or Charge Slips or other formsets submitted to and accepted by the latter:
 - a.1. Represent a bonafide sale of merchandise and/or rendering of services in the ordinary course of business. MERCHANT assumes full responsibility for any goods and/or services returned and/or questioned by the Cardholder. MERCHANT hereby agrees to indemnify and hold BPI free and harmless from any claims relating to any Transaction receipt or Charge Slip or other formsets paid to or as may be made by way of defense, offset, counterclaim or affirmative action of Cardholder.
 - a.2. For Credit Card purchases, it involves no advancement of cash and no transaction other than the regular sale of goods and/or services for which the MERCHANT is primarily engaged in. BPI, at its option and subject to confirmation of the MERCHANT, may offer cashback and/or encashment facilities for Debit and/or Prepaid Cards, terms of which will be covered by a separate agreement.
 - a.3. Have not been processed fraudulently and are not illegal or otherwise as may impair enforceability of collection thereof from the named Cardholder;
 - a.4. Represent the total amount invoiced to the Cardholder. Splitting of the transactions, whereby one invoice is broken down into several amounts for authorization, is strictly prohibited, except in the following instances:
 - a.4.1. When the balance of the amount of sales is paid by the Cardholder by cash or check at the time of the transaction, in which case the invoice should clearly indicate the amounts paid via Card, and via cash or check;
 - a.4.2. The goods and/or services are to be delivered or performed at a later date and the Transaction Receipt/TID represents the "downpayment/deposit" or "balance" of the purchased goods and/or services. In such cases, the MERCHANT shall note on the Sales Invoice the words "downpayment/deposit" or "balance" as appropriate. No Authorization with respect to a "downpayment/deposit" transaction shall bind or obligate BPI to thereafter authorize the "balance" portion.

- b. For manual Credit Card transactions, the MERCHANT agrees that each Charge Slip to be submitted to BPI will:
 - b.1. Bear a legible imprint of the Credit Card number of the purchaser, including a legible imprint of the Cardholder's name and the Credit Card's expiration date;
 - b.2. Include the date of transaction;
 - b.3. Be in the form authorized by BPI;
 - b.4. Represent an unconditional obligation of the Cardholder, not subject to any disputes, offsets or counterclaims;
 - b.5. Have proper Authorization required and will have clearly stated thereon the proper approval code;
 - b.6. Bear the details of other identification cards as the case may be;
 - b.7. Bear the total sales amount and currency used;
 - b.8. Indicate the Merchant ID;
 - b.9. Indicate Merchant Name (DBA) and location.
- c. MERCHANT should provide the Cardholder an original copy of the establishment's sales/commercial invoice or Official Receipt at the time of the purchase, together with customer's copy of the Transaction Receipt or Charge Slip. MERCHANT's sales invoice or Official Receipts should state their policies on credits, refunds, and cancellations.

VI. PRESENTMENT OF TRANSACTION RECEIPTS OR CHARGE SLIPS

- a. The MERCHANT, for purposes of seeking reimbursement, shall submit to BPI the original copies of all valid Charge Slips (or Transaction Receipts/TIDs if settlement via the POS terminal is problematic) duly signed by the Cardholders. With each submission of said Charge Slips or Transaction Receipts/TIDs, the MERCHANT shall submit a corresponding Sales Summary Sheet which shall contain the following information:
 - a.1. Merchant code as assigned by BPI;
 - a.2. Name and address of the MERCHANT;
 - a.3. Actual number of attached Charge Slips or Transaction Receipts/TIDs;
 - a.4. Total gross sales;
 - a.5. Discount rate and amount of discount;
 - a.6. Applicable government tax;
 - a.7. Net amount payable to MERCHANT;
 - a.8. Signature of the MERCHANT personnel who accomplished the Sales Summary Sheet
- b. Transaction Receipts generated by the Point-of Sale (POS) terminals will normally print only two copies: one (1) MERCHANT's copy, and one (1) Customer's copy. MERCHANT is required to safe-keep the MERCHANT's copy for six (6) months. For credit/prepaid card transactions, MERCHANT undertakes to present a clear and readable copy of the slip to BPI within ten (10) calendar days from the date of the request, while for debit card transactions, a copy of the slip must be presented within three (3) banking days from date of request. Failure to present said copy will result to Chargeback.
- c. The MERCHANT shall undertake to settle Credit Card and/or Prepaid Card transactions on a daily basis, or present records of valid transactions to BPI within five (5) Days for BPI issued Credit Card and/or Prepaid Cards, and within three (3) Days for other credit card brands, after the date of transaction in each case, except when:
 - c.1. The record shall not be presented until the goods are shipped or the services performed, unless the Cardholder agrees to a delayed delivery of good and/ or services that was properly disclosed to the Cardholder at the time of the transaction;
 - c.2. The MERCHANT requests and receives Authorization for delayed presentment (in which case the Authorization number and the words "Delayed Presentment" shall be legibly noted on the Charge Slip and presentation shall be made within the period permitted for delayed presentment);
 - c.3. The MERCHANT is obligated by law to retain the Transaction Receipts or Charge Slips or return it to the buyer upon timely cancellation; and
 - c.4. The MERCHANT has multiple locations or offices where the Transaction Receipts and/or Charge Slips are accumulated at a central office that presents such Transaction Receipts or Charge Slips to BPI.

- d. BPI will not be held liable for BPI Credit Card and/or Prepaid Card transactions presented and/or settled after five (5) Days from the date of the transaction, or after three (3) Days for non-BPI issued credit and/or prepaid cards, except in the cases stated in Section VI.c.
- e. For manual transactions, MERCHANT shall submit the Sales Summary Sheets to BPI as follows:

_____ Merchant Services Department
 14th Floor, BPI Card Center, 8753 Paseo de Roxas, Makati City
 _____ BPI Branch (Address: _____)
 (For provincial merchants only)
 _____ Others: _____

- f. The MERCHANT shall not present records of transaction/s that it knows or should have known to be fraudulent or not authorized by the Cardholder. Within the scope of this rule, the MERCHANT shall be responsible for the actions of his employees/ representatives such that the MERCHANT shall be directly liable to pay or accept Chargeback for any fraudulent transaction done in connivance with the employees/representatives of the MERCHANT.

VII. MERCHANT DISCOUNT RATE

BPI shall undertake to pay the MERCHANT for all Card transactions routed to BPI for Authorization and validly incurred at the discount rates indicated below, computed from the face value of the Transaction Receipts or Charge slips:

Card Type	Merchant Discount Rate (MDR)
BPI Express Credit Classic Card	%
BPI MasterCard/MasterCard Electronic/Visa Cards	%
BPI Special Installment Plan (SIP) for Credit Cards	%
BPI Express Payment System and other Debit Card brands	%
BPI Express Cash and other Prepaid Card brands	%
Other bank-issued MasterCard/VISA Cards (local/intl)	%
Others: _____	%

Note: Rates quoted above are exclusive of applicable taxes.

VIII. MERCHANT REIMBURSEMENT

- a. MERCHANT authorizes BPI to reimburse the MERCHANT for all Card transactions as follows:

Mode of Reimbursement	BPI Deposit Account Number
Credit to a BPI account { } CA { } SA	
Manager's Check	For credit and/or prepaid card transactions only

- b. BPI shall credit immediately in the MERCHANT's designated BPI depository account, or issue a Manager's Check for the value of the total Card purchases settled by the MERCHANT less the applicable discount rates in accordance with Section VII hereof. By law, BPI will likewise deduct the applicable withholding tax of one-half of one percent (0.5%), or other applicable taxes that may be imposed by the government, from the gross sales of all Card transactions. This amount will be remitted to BIR in behalf of the MERCHANT and in return, the MERCHANT can use the amount collected as tax credits for their next income tax payments. Unless otherwise agreed upon in writing, a Certificate of Tax Withheld will be issued to the MERCHANT every quarter.

MERCHANTS eligible for tax-exemption must submit to BPI the appropriate BIR Certification of Tax-Exempt Status. Otherwise, the MERCHANT will be tagged as a taxable entity and BPI will deduct the applicable withholding taxes from its settlement proceeds.

- c. Payment by BPI shall be without prejudice to any claims or rights BPI may have against the MERCHANT and shall not constitute any admission by BPI as to the performance by the MERCHANT of its obligations under this Agreement.
- d. MERCHANT undertakes to reconcile the settlement proceeds with the Daily Transaction Journals provided for by BPI and with the MERCHANT's own sales records, and undertakes to

immediately notify BPI of any discrepancies in the settlement amount, whether under or over, within thirty (30) Days from receipt of the Daily Transaction Journals. Otherwise, the payments shall be deemed correct and final without prejudice to the Bank's right to offset and to deduct overpayments as stipulated in this Agreement. MERCHANT agrees to hold BPI free and harmless from any losses and/or liabilities incurred by MERCHANT for its failure to perform the required settlement within five (5) Days from transaction date for BPI-issued Cards and within three (3) Days for other Credit/Prepaid Card brands, or for its failure to reconcile its deposit account and sales records with the Daily Transaction Journals within the thirty (30) Day period.

- e. In cases where BPI may have overpaid MERCHANT, MERCHANT agrees to settle the overpaid amount within three (3) Days from request of BPI. BPI, at its option, may also debit the overpaid amount from MERCHANT's settlement account with BPI, or deduct the overpaid amount from its next payment due to the MERCHANT. For this purpose, MERCHANT also assigns to BPI effective upon its effort to settle the overpaid amount, without need of demand, any money, securities and things of value which are now or may hereafter be in the hands of BPI or any member of the BPI Group of Companies or any of its subsidiaries or affiliates.

IX. TRANSACTION JOURNALS

BPI agrees to provide the MERCHANT with Daily Transaction Journals for Card transactions. These journals will contain the transactions of the previous settlement day, and will serve as basis of the MERCHANT in reconciling payments received from BPI, less any Chargebacks.

MERCHANT has the option to receive the Daily Transaction Journals in paper form, via electronic mail (email) transmission, or through BPI's website at www.bpiexpresslink.com.

The contents of the Transaction Journals are confidential and only for viewing and proper disposition of the authorized personnel of the MERCHANT. The MERCHANT shall exercise due diligence and care in the sensitivity of its contents.

MERCHANT hereby authorizes BPI to send the Transaction Journals as follows:

- { } Paper transaction journals to be delivered:

_____ to each individual outlet

_____ centrally at: _____

- { } Electronically via email to the following the email addresses:

Primary: _____

Secondary: _____

The MERCHANT warrants that the email addresses nominated herein and/or in the Merchant Information Sheet are valid, accurate, complete, and active and shall be accessed only by its authorized representatives. The MERCHANT shall notify BPI in writing of any changes in the email addresses.

For transaction journals sent via email, BPI shall install an Electronic Merchant Transaction Journal (eMTJ) decryptor software to personal computers that the MERCHANT will designate as authorized to receive and view the journals. This software was designed and developed by BPI for the eMTJ platform and shall remain the property of BPI and shall be returned upon termination of the eMTJ platform arrangement. The MERCHANT shall not sell, transfer, copy, reproduce or use the software for any purpose other than for the eMTJ platform.

BPI will not be liable if the contents of the eMTJs are extracted by entities other than the MERCHANTs who were given the BPI decryptor software.

- { } Through BPI's website at www.bpiexpresslink.com

Separate enrollment for this mode is required and the MERCHANT will need to execute and deliver an ExpressLink Agreement with BPI's Corporate Banking Group.

MERCHANT shall notify BPI of non-receipt of the Daily Transaction Journals within five (5) Days from date of transaction, otherwise the Daily Transaction Journals shall be deemed successfully sent and received by the MERCHANT. Requests for duplicate copies of the Transaction Journals will be charged at a rate of ONE HUNDRED PESOS (P100.00) for the first three (3) pages, and TEN PESOS (P10.00) for succeeding pages.

MERCHANT shall notify BPI in writing of any changes in the delivery of the Daily Transaction journals.

X. CHARGEBACK

- a. The MERCHANT agrees that, in case of its failure to comply with any of the conditions and procedures stipulated herein, BPI has the right not to accept the transaction, or to implement Chargeback for paid transactions.
- b. From time to time, BPI may receive requests for information/copies of Transaction Receipts, TIDs, or Charge Slips from issuing banks and/or Cardholders. To address these requests, MERCHANT undertakes to provide BPI with copies of Transaction Receipts/TIDs or Charge Slips to prove authenticity of the transaction within ten (10) Days from the date of the written request of BPI .

BPI reserves the right to chargeback the MERCHANT in full for the latter's failure to provide copies of Transaction Information Documents requested by BPI, as well as any adjustments/charges /penalties due to MERCHANT's negligence in responding to BPI's request, and MERCHANT undertakes to accept said Chargeback which BPI shall offset against future billings.

- c. BPI will deduct the disputed/Chargeback amount from its next payment due to the MERCHANT. If none is due, MERCHANT allows BPI to offset the Chargeback amount from the proceeds/settlement accounts of the MERCHANT's other outlets. Otherwise, BPI will issue a collection letter to the MERCHANT, such collection letter to be payable immediately upon receipt, for the face value of the Chargeback amount. MERCHANT also assigns to BPI effective upon its effort to settle the Chargeback, without need of demand, its obligation arising from the Chargeback any money, securities and things of value which are now or may hereafter be in the hands of BPI or any member of the BPI Group of Companies or any of its subsidiaries or affiliates.
- d. If the MERCHANT fails to make timely payment of the Chargeback or BPI is unable to Chargeback the MERCHANT's settlement account, and should result in Cardholder billing dispute, inquiry or BPI's imposition of finance charge and/or late payment which would have not been imposed otherwise, MERCHANT shall reimburse BPI for any expense thereby incurred, including but not limited to the amount of any such refund.

XI. MERCHANT SUPPLIES/ MATERIALS

- a. BPI shall provide the MERCHANT with sufficient rolls of thermal paper used to generate the Transaction Receipts, or Charge Slips for manually approved transactions, as well as Sales Summary Sheets, and other forms, supplies and promotional materials, which shall be used exclusively in connection with the processing of Card transactions.
- b. The MERCHANT will prominently display promotional and/or merchandising materials provided by BPI to inform the public that Cards are honored at the MERCHANT's place/s of business. Such displayed BPI Cards mark or logotype must be at least the dimension of and as prominent as any other card program mark or logotype displayed. The cost of these materials will be shouldered by BPI.
- c. BPI, without cost to MERCHANT, may include the MERCHANT's name, address and telephone number in the BPI Merchant's Directory, for posting in the BPI's website.

XII. POINT-OF-SALE (POS) TERMINAL

The POS terminals referred to in this Section are those provided for by BPI.

- a. BPI shall provide the POS terminal/s and/or other necessary peripherals required to operate the POS terminal. It is understood, however, that the MERCHANT shall exercise reasonable care in handling and operating the POS terminal/s and the related peripherals.

BPI shall shoulder all costs related to installation, repair and maintenance of the POS terminal/s including but not limited to the ordinary wear and tear except those repairs that can be traced to negligence on the part of the MERCHANT. All electrical consumption for the use of the POS terminal/s shall be for the account of the MERCHANT.

- b. MERCHANT shall at all times provide a telephone line for the POS terminal/s. It is agreed that in the event such telephone is rendered inoperative, MERCHANT on its part, shall provide the POS terminal with another telephone line as substitute.
- c. BPI reserves the right to impose a required monthly Card sales hurdle for each POS terminal installed at the MERCHANT's outlet/s. Failure on the part of the MERCHANT to meet this requirement for three (3) consecutive months gives BPI the option to pull out the POS terminal/s and/or other peripherals with or without prior notice to the MERCHANT, or to charge a monthly POS rental fee.
- d. In the event the POS terminal/s or any of its peripherals is lost while in the possession of the MERCHANT due to its fault and negligence, except in the case of force majeure, the MERCHANT shall pay BPI for the cost of the loss as follows:

Equipment	Unit Cost
Dial-Up POS terminal and all peripherals	P30,000.00
GPRS-enabled POS terminal and all peripherals	P40,000.00
Power Pack	P2,500.00
Network Controller (for LAN merchants)	P200,000.00
LAN Switch Hub (for LAN merchants)	P5,000.00
GPRS LAN router (for LAN merchants)	P15,000.00
Others: _____	

BPI reserves the right to revise these amounts unilaterally according to prevailing market prices, without prior written notice to the MERCHANT.

XIII. BANKING DAY

For Credit and Prepaid Card transactions, banking day starts on or about 9:01 P.M. and ends (close-out time) on or about 9:00 P.M. of the next banking day, while for Debit Card transactions, banking day starts on or about 10:01 P.M. and ends on or about 10:00 P.M. Transactions done through the POS terminal after the close-out time shall therefore be treated as transactions of the next banking day.

XIV. TRADEMARKS AND LOGOS

The MERCHANT acknowledges and agrees that the trademarks "BPI Express Credit, BPI Express Cash, BPI Express Payment System (EPS), and Special Installment Plan (SIP)" and the corresponding logotypes are the properties of BPI. The MERCHANT acknowledges and agrees that the trademark MasterCard and Visa, as well as the corresponding logotypes are the properties of MasterCard Worldwide and Visa International respectively. The MERCHANT shall not infringe upon any of these marks or logos, nor otherwise use the marks or logos in such manner as to create an impression that the MERCHANT's good and/or services are sponsored, produced, affiliated with, offered, or sold by BPI, MasterCard Worldwide, or Visa International.

XV. ACCOUNT INFORMATION SECURITY

The MERCHANT shall undertake to comply with the Payment Card Industry Data Security Standards (PCIDSS), Site Data Protection (SDP) Program of MasterCard, and Account Information Security (AIS) of Visa for Cardholder data protection, which shall include the following:

- a. The MERCHANT shall keep confidential at all times and shall not sell, purchase, provide or exchange a Cardholder's name or Cardholder number information in the form of imprinted Charge Slips, carbon copy of printed Sales Slips, mailing lists, tapes or other media obtained

by reason of a Card transaction to any third party other than to the MERCHANT's agents for the purpose of assisting the MERCHANT in its business and shall treat all such information as strictly confidential.

- b. All media, including but not limited to, Transaction Receipts, Charge Slips, Sales Invoices, Official Receipts, Card Imprints and Transaction Journals, containing any information relating to any Cardholder or his credit, debit, or prepaid card account or any other personal data, must be stored by the MERCHANT in an area limited to selected personnel of the MERCHANT until discarding, and must be destroyed in a manner that will render the data unreadable.
- c. The MERCHANT warrants that the confidentiality requirements in this Section shall extend to all its officers, stockholders, employees, agents, representatives, successors and assigns and shall survive the termination of this Agreement.
- d. For data stored online, MERCHANT should ensure that:
 - d.1. It is not in the DMZ or the Web facing area;
 - d.2. It is not accessible via the internet;
 - d.3. For internal use, appropriate levels of access and authority have been established;
 - d.4. It has the right levels of protection such as Firewalls, Intrusion Detection Systems (IDS), and Intrusion Prevention Systems (IPS);
 - d.5. All audit, access and transaction logs are switched on, protected, and reviewed regularly.
- e. For data stored offline, MERCHANT should ensure that:
 - e.1. The data is encrypted, hashed, or truncated;
 - e.2. Tapes and other storage media are fully protected, and are accountable and traceable.
- f. Ensure that the network is fully protected by Firewalls, Intrusion Detection Systems (IDS), and Intrusion Prevention Systems (IPS);
- g. Install good anti-virus software;
- h. At a minimum, scan external facing IP addresses every quarter;
- i. Ensure that all merchant POS software, including billing and payment applications, are supplied by a Payment Application- Data Security Standards (PA-DSS) compliant vendor;
- j. Complete the "Self-Assessment Questionnaire (SAQ)" at least once a year or as required;
- k. Report to BPI the status of compliance within three (3) banking days after the end of each quarter.

In the event that any of the MERCHANT's outlets or its network has been established as a site of Account Data Compromise (ADC), to include Skimming, the MERCHANT hereby agrees to the following:

- a. To cooperate with BPI in the conduct of investigation of the said event. The investigation may include, but not limited to, hardware, software, personnel, and even third party service providers with whom the MERCHANT has dealings with in relation to the flow of account data/information;
- b. Within seventy two (72) hours from receipt of written advise from BPI, MERCHANT should hire the services of a Qualified Security Assessor (QSA), without cost to BPI. MERCHANT agrees to shoulder all hotel, transportation, and other incidental expenses of the QSA.
- c. As the need arises, MERCHANT undertakes to prepare the necessary reports relative to the account data compromise event to the appropriate law enforcement authorities.

XVI. TELEPHONE ORDERS, MAIL ORDERS, ETC.

If a Credit Card transaction is based on a Mail Order (MO), Telephone Order (TO), Preauthorized Order (PO), Electronic Commerce Order (ECO), or used for Reservation, or Advance Resort Deposit, the sales slip may be completed without a Cardholder signature or a Card imprint. The MERCHANT shall type or print legibly on the signature line of the sales slip the letter "TO", "MO", "PO", "EC", "Guaranteed Reservation/No Show", "Signature on File- Express Checkout",

or "Advance Deposit" as appropriate. The MERCHANT must retain and make available to the acquirer upon request the customer written request to the MERCHANT for pre-Authorization. Cardholder disputes arising from these types of transactions are subject to automatic Chargeback.

XVII. SUSPENSION OF OPERATIONS

The MERCHANT shall notify BPI in writing five (5) Days in advance in the event the MERCHANT cannot operate its business for periods longer than five (5) Days. This shall include periods when the outlet will be undergoing renovation, will be moving to a different site, or will be closing altogether.

BPI reserves the right to deactivate any Merchant IDs that have no activity for a period of ONE (1) year.

XVIII. LIABILITY CLAUSE

The MERCHANT shall hold BPI or any of its officers and representatives free and harmless and shall indemnify it from any and all liabilities, claims, losses or causes of action arising from the errors incurred by or judgments/decisions made by the cashiers/ POS terminal operator, such as the release of goods, even when (a) the POS terminal does not display a message of approval or (b) the POS terminal displays a message other than "APPROVED".

XIX. TERMINATION OF AGREEMENT

- a. BPI reserves the right to unilaterally terminate this Agreement without prior written notice to the MERCHANT, in case the MERCHANT, as solely determined by BPI, has committed acts prejudicial to the interest of BPI, or if the terms and conditions contained herein is violated, or when BPI, at its sole discretion, deems necessary for reasons including but not limited to fraud or counterfeit card transactions, excessive chargeback or if MERCHANT has breached the fraud threshold imposed by BPI, MasterCard Worldwide, or Visa International.
- b. In the event that MERCHANT shall decide to dispose of or discontinue its business, BPI shall be given at least thirty (30) Days prior written notice.
- c. In the event of termination, the MERCHANT shall return to BPI all materials pertaining to the BPI Cards program, including but not limited to the BPI POS terminal, Transaction Receipts, Charge Slips, and Sales Summary Sheets, signages, Merchant Operating Guides, and promotional materials and shall remove all decals and signs from the premises immediately.
- d. Any termination of this Agreement and/or any of its supplements shall not affect any accrued rights, obligations, and liabilities of either party; provided, that BPI shall not be liable to pay for any Card transaction the record of which is dated after the intended date of termination. Notwithstanding such termination, BPI may request copies of merchant records of any Card sales, refund or credit refund within 18 months from date of sale, refund or adjustment

XX. NOTICES

All notices permitted or required by this Agreement will be sent by regular mail, posted prepaid, at the address set forth at the beginning of this Agreement, unless notification in writing of change of address is received by the other party.

MERCHANT shall inform BPI promptly of any change in name, address, contact information, authorized signatories, organization, and nature of business or business structure of the MERCHANT.

MERCHANT authorizes BPI to act on requests it may receive via fax or email from its officers, such as but not limited to, requests for additional Merchant IDs for its additional outlets, requests for POS terminals, file maintenance requests and other requests necessary for the continuous acceptance of Cards at the MERCHANT's business establishments. BPI reserves the right to require additional documentation to validate such requests.

XXI. GOVERNING LAW

This Agreement shall be governed by and interpreted by the laws of the Republic of the Philippines.

XXII. SEPARABILITY CLAUSES

If any one of the provisions contained in this Agreement or any document executed in connection herewith shall be invalid, illegal or unenforceable, the remaining provisions contained herein shall not in any way be affected or impaired.

XXIII. VENUE OF ACTION

Venue of all actions arising from this Agreement shall be brought exclusively to the jurisdiction of the appropriate courts of Makati City, Philippines.

ADDITIONAL TERMS AND CONDITIONS GOVERNING CREDIT CARD SPECIAL INSTALLMENT PLAN (SIP)

If and when applicable, the terms and conditions herein below shall govern the MERCHANT

MERCHANT has agreed to participate in the Special Installment Plan (SIP) of BPI and to be bound by the rules of the SIP as specified herein which may be modified and amended from time to time which modifications/amendments shall be deemed to be part of this Agreement and together with the terms and conditions hereof shall govern the rights and obligation of the parties hereto.

I. PROCESSING OF SIP TRANSACTION

A. Manual Processing

- a.1. MERCHANT shall execute properly the BPI Installment Plan Contract (IPC) and require the Cardholder to sign thereon in the presence of MERCHANT who shall ensure the authenticity of the signature affixed by the Cardholder on the said IPC with the specimen signature of the Cardholder in the Credit Card. MERCHANT is responsible for the proper and complete accomplishment of the necessary IPC form to be signed by the Cardholder.
- a.2. MERCHANT shall secure prior approval from BPI for every purchase/transaction made by its Cardholder under the SIP. Such approval must be requested from BPI over the telephone and that where an approval is given by BPI, a Credit Approval Number shall be assigned by BPI which the MERCHANT agrees to indicate in the IPC form (when applicable).
- a.3. IPC contracts must be imprinted. Billings with handwritten Cardholder name, Cardholder Number and expiry date, would be a valid reason for outright rejection or Chargeback.

B. POS Processing

- b.1. If a POS terminal is installed at MERCHANT site, the MERCHANT must use the terminal installed to process the SIP transaction/s. Only two (2) EDC Sales Slips will be generated per SIP transaction by the POS terminal. The MERCHANT is required to safekeep the MERCHANT's copy for the duration of the term of installment payment chosen by the Cardholder and to present this to BPI if requested within ten (10) Days from the date of request. Failure to present said copy will result to Chargeback.
- b.2. The approval given by BPI for the SIP is valid only for the transaction called in for. If Cardholder wishes to change the goods/services to be bought/ contracted thru SIP after the approval has been secured, the MERCHANT must secure another approval from BPI for the new set of goods and/or services.
- b.3. MERCHANT is responsible for issuing its sales invoice to Cardholder for the goods purchased and/or services contracted thru the SIP.

The foregoing conditions shall govern only the SIP and shall not govern all the other regular purchases.

**ADDITIONAL TERMS AND CONDITIONS GOVERNING MAIL ORDER,
TELEPHONE ORDER, AND ELECTRONIC COMMERCE TRANSACTIONS**

If and when applicable, the terms and conditions herein below shall govern the MERCHANT

- I. For credit card transactions made through Mail Order (MO), Telephone Order (TO), or Electronic Commerce (EC), MERCHANT must observe the following procedures:
- a. MERCHANT must ensure that the following information/data would be completed prior to securing approval from BPI's 24-Hour Merchant Hotline 88-100 or 1-800-188-88100 (for provincial MERCHANTs):
 - i. Cardholder's name
 - ii. Card number
 - iii. Expiry date of Credit Card
 - iv. Amount of the transaction
 - v. Signature of the Cardholder (on enrollment form or charge slip)
 - vi. As applicable, the last 3 digits appearing on the signature panel at the back of the Card (Card Validation Code or CVC Number)
 - vii. Merchant ID
 - viii. Merchant Name (DBA) and location

Charge slips for Credit Card transactions made through MO, TO, or EC may be completed without a Cardholder signature or a Credit Card imprint for as long as the MERCHANT has obtained the Cardholder's authorization to charge his Credit Card account via an enrollment form.

In case of Cardholder disputes, MERCHANT is required to present any document that contains the Cardholder signature (e.g. signed enrollment form, delivery receipt, guest folio, etc.).

- b. If MERCHANT cannot fulfill the customer's order within seven (7) Days from the date on which Authorization was obtained, MERCHANT should seek additional Authorization to ensure that the transaction can still be posted to the Cardholder's account. If MERCHANT receives a decline response, MERCHANT should call Cardholder for additional information or to request for an alternative form of payment.
- c. MERCHANT will keep a file of all the forms submitted by Cardholders for future reference. The MERCHANT must retain and make available upon request of BPI the Cardholder's written request and/or enrollment form to the MERCHANT.
- d. In case the transaction, BPI has the right to automatically Chargeback the transaction amount (net of discount rate) against the MERCHANT.
- e. MERCHANT will submit to BPI for reimbursement purposes a copy of the approved Cardholder transaction record attached to a Sales Summary Sheet (SSS) within five (5) Days from transaction date. BPI reserves the right to reject transactions that are more than five (5) Days old.

IN WITNESS WHEREOF, the Parties herein have hereunto signed these presents by their respective authorized representatives this _____.

BANK OF THE PHILIPPINE ISLANDS

Authorized Signatory/ies
Signature over Printed Name

Title

MERCHANT

✓ _____
Authorized Signatory/ies
Signature over Printed Name

Title

SIGNED IN THE PRESENCE:
