



Training Manual

SECTION 1: SALES PROFESSIONAL QUALIFICATIONS



Merchant Service Group, Inc.
With every transaction, every service,
every product, we put your needs first!

Merchant Service Group, Inc. | 6901 Jericho Turnpike, Suite 240, Syosset, NY 11791
Toll Free: (866) 403-0294 | Fax: (800) 861-1442 | Email: agents@gomsgagents.com

Sales Qualification & Guidelines

Sales Position Qualifications

We are looking for individuals with similar sales experience including high contact, short selling cycle, and consultative selling approach. Ambitious individuals must be ready to earn up to \$3000 pay on each account sold plus residuals from each credit card transaction processed by your merchant's.

Sample industry experience includes: B2B, copier, fax or office equipment, cellular or pager services, mortgage or loan sales, advertising & yellow page sales and insurance sales. Sales associate is required to have a home computer and basic computer skills.

Day-to-Day Sales Tasks

- Prospecting, cold-calling and marketing a high volume of contacts
- Generating leads, telemarketing, and setting up appointments
- Leading sales presentations with added-value services
- Insuring paperwork is prepared properly and completed accurately
- Using the Agent Office to submit new service enrollments to corporate

Job Qualifications

- Desire & energy to capitalize on uncapped commission opportunities
- An understanding of the math involved to explain savings to your customers
- Effective communication & presentation skills
- Strong computer and software skills
- Ability to develop strong customer relationship management skills including account submission, data entry, tracking, evaluating, contacting, scheduling appointments, follow-up, and planning up-selling strategies
- Excellent time management skills
- Motivation to meet deadlines & exceed quotas
- Professional attitude and appearance
- Strong and ambitious work ethic
- Satisfactory credit history recommended

Sales Qualification & Guidelines

Compliance Guidelines and Agreement

As a sales representative of our company, you are responsible for remaining apprised of all applicable rules and regulations issued by MasterCard and Visa as they pertain to Sales Agent. You must operate within these guidelines at all times; failure to do so may result in your termination from the program by our company.

Attached for your review is a summary of some of the pertinent rules under which all Sales Agents must operate. By signing this form, you acknowledge that you have received a copy of the rules as published by MasterCard and Visa.

1. All marketing material (including stationary and business cards), and advertising must clearly represent Merchant Services Company and the Sales Agent, and be approved by Bank prior to actual use.
2. Using the services of non-registered organizations or brokers to solicit merchants is strictly prohibited.
3. Only registered Sales Agents may disclose pricing and details of the MasterCard and Visa programs. All pricing and details must be clearly represented as being offered on behalf of Merchant Services Company.
4. All components of pricing must be clearly disclosed to merchant.
5. Site inspections must be completed accurately and in person by Sales Agents. Sales Agents may not imply or infer that acceptance by Bank is guaranteed.
6. Final approval of all applications requires the Bank's acceptance. Sales Agents may not imply or infer that acceptance by Bank is guaranteed.
7. Merchants whose type of business is clearly outside the established credit policy must not be solicited or induced into paying application fees.
8. Application fee checks must be made out to the participating Sales Agent's Organization (i.e. Affiliated Sales Groups, Partners and Retail Sales, etc.); not to the Sales Agent or accepted in cash.

I hereby certify that the above information provided is accurate and complete and agree to allow our company to perform verification of any of the above, including obtaining a Credit Bureau Report on the undersigned.

SIGNATURE: _____

DATE _____

Sales Qualification & Guidelines

ETHICS STATEMENT

As a Sales Agent under the registration of Merchant Services Company, you are required to maintain the highest ethical standards and professional conduct at all times. Merchant Services Company recognizes the need to provide you with consistent guidelines to achieve this goal; therefore, the following Ethics Statement has been formulated. Signing this Ethics Statement is a condition of participation in the program and must be strictly adhered to at all times.

1. I will fully disclose to each prospective customer that I am representing Merchant Services Company and will fully disclose to the customer the name and location of Merchant Services Company as the provider of bankcard processing services.
2. I will maintain the highest standards of professionalism and will comply with company policy at all times.
3. I will not broker any sales to any other party nor sell any products or services that are not offered by Merchant Services Company without their written consent.
4. I understand and agree that all advertising and marketing materials must receive prior approval according to Credit Card Association and Merchant Services Company's policy and all business cards must be approved by Merchant Services Company and will state on the face of them.
5. I will adhere to simple truth and integrity and will not engage in any misleading or deceptive sales practices.
6. I will provide sound professional advice in all sales presentations and sales calls and will remain knowledgeable of industry services and specifically, the services of Merchant Services Company.
7. I will conduct due to diligence and complete all site inspections truthfully; accurately reporting the nature of any business in which a prospective customer is engaged. I will promptly report to the corporate office or to an appropriate person at the corporate office, any notice which I may receive of any change in any customer's business, which might expose the company to financial risk, or be out of compliance with stated policies.
8. I will quote all rates and charges consistent with our Company Rate Guidelines and will not quote rates for other card types, which I am not specifically registered to market.
9. I will not accept any payment in cash from a customer or prospective customer, and will assure that all checks are properly made out to the company and not to me personally.
10. I will conduct all sales presentations in a positive manner relying upon my ability and the value of our company's services to obtain customers. I will not in any way demean or speak negativity of my competition.
11. I will maintain the confidentiality of information provided to me by any prospect customer or our company, and will not reveal any such information without the proper consents except to our company and its agents.

Sales Qualification & Guidelines

Becoming an Merchant Level Salesperson (MLS) [aka ISO/MSP/IC/Agent]?

Whether you're forming an Independent Sales Organization (ISO) or just want to work on your own as a Merchant Level Salesperson (MLS), there is one basic requirement before you can sell Visa/MasterCard credit/debit card processing: You must sign a written agreement to be an agent of an Independent Sales Organization (ISO) or a bank that is registered as a Member Service Provider (MSP) with Visa or MasterCard.

MSPs can hire independent contractors, but the contractor must represent himself or herself as working for the MSP and receive all compensation for bankcard services from that MSP. Anything short of that is considered sMerchant Services Company contracting, a violation of Visa and MasterCard rules.

Independent contractors who work under their own corporate name or employ more than one person must register as an MSP with the card associations.

Other things you should do to become an MLS:

- Understand the terms of your agreement. NEVER sign a contract without reading it THOROUGHLY. It is highly recommended that you take it to an attorney and get professional advice.
- Establish a relationship with a processor or arrange to do the processing yourself, if you have the significant financial means required and the knowledge necessary.
- Recruit Sales Professionals (either employees or independents).
- Set up a sales program for Sales Professionals ... and make sure everything is explained up front.
- Decide how you will handle risk management. What type of transactions do you want to accept?

Why can't I register directly with Visa or MasterCard?

Visa USA and MasterCard are associations of banks, not individuals. Without proper registration, you cannot contract with a member bank. And without contracting with a member bank, you might not be able to protect your income should the bank or merchant portfolio be sold.

Can I use a DBA business name even if I haven't paid the registration fees with Visa/MC?

No. That is a direct violation of the associations' rules.

What is the penalty to a member bank if one of its sales organizations or sales representatives violates association policies?

Visa's fines are \$10,000 for the first infraction, \$20,000 for the second infraction within a five-year period and \$50,000 for the third infraction within a five-year period. MasterCard's fine is \$5,000 per incident.

Sales Qualification & Guidelines

How do I become an Merchant Level Salesperson (MLS) [aka ISO/MSP/IC/Agent]?

How many ISOs are there in the United States?

Visa's estimate is 1,000; MasterCard says there are 2,000 ISOs in the U.S., employing as many as 10,000 sales agents. We believe the number of ISOs is between 9,000 and 10,000, which may represent an individual salesperson or a number of individuals working collectively. To our knowledge, there is no directory of agent/sales offices in the United States.

Is it legal for ISOs or resellers to offer to process their clients' card charges for them?

Some ISOs and Web sites offer this service, but we do not believe it is in compliance with the associations' rules. Get a complete copy of the processing rules from your bank.

Can a merchant add a surcharge to a purchase to offset the discount rate and fees?

No. The associations don't allow that, either. For a further accounting of what they do and do not allow, check the Visa and MasterCard regulations.

Sales Qualification & Guidelines

Card Acquiring

What roles do Visa, MasterCard, Discover and American Express play in the credit card market?

Visa and MasterCard are independent companies owned by banks that issue transaction cards bearing Visa and MasterCard logos that can be used to access lines of credit or demand deposit accounts (checking and checking-like accounts). Discover and AmEx are non-bank, travel and entertainment card companies. Discover and AmEx issue cards to customers directly; these cards can be used only to access credit lines only, not DDA accounts.

Each company (Visa, MasterCard, Discover, AmEx) is responsible for managing its brand as well as product development; setting and enforcing rules of access to the clearing and settlement system; establishing systems, standards and procedures for cards and acquirers; registration of services providers; and interchange pricing.

What differentiates acquirers?

Basically, acquirers fall into two categories: those that manage all acquiring functions (customer service, underwriting, chargebacks and retrievals) and those that have limited resources.

What is the most important factor to consider?

According to the "ISO Guide to Working with Acquirers," published by MasterCard, "the ISO must address the fundamental issue of which party has primary control and ownership of the merchant relationship. The long-term goal of many ISOs is to become large enough to negotiate portfolio ownership. Notwithstanding the ISO's portfolio ownership, the acquirer must maintain adequate day-to-day control over program management to comply with MasterCard rules and manage its risk effectively."

What's the difference between a bundled rate and an unbundled rate?

Bundled and unbundled are really nothing more than marketing concepts. The bundled rate is intended to include every conceivable charge for a transaction in one set price. The unbundled price strips out every charge, in effect creating an itemized bill for each transaction. Unbundled pricing is probably more common in the market but results in few merchants having any real idea of what they're paying to accept payment cards.

What is the buy rate?

The buy rate is the cost charged sales intermediaries by the merchant bank; it reflects interchange on a transaction plus the bank's mark-up. This differs from the discount rate, which is what the intermediary charges the merchant after marking up the buy rate.

What is the difference between a buy rate and a bundled rate?

If the buy rate is \$1.39 and the transaction fee is 9 cents on a \$100 charge, the bundled rate is \$1.48. The bundled rate is the buy rate plus any additional charges represented as one fee.

Sales Qualification & Guidelines

Card Acquiring

Which ISOs/banks have the best rates?

We do not make this type of recommendation. You can find out more by contacting the companies listed in our Resource Guide under "Banks Looking for ISOs/MSPs" and "ISOs Looking for Agents."

What is interchange and how do interchange fees differ from discount fees?

Interchange is set by Visa and MasterCard and represents the fee paid by the merchant bank to the card-issuing bank. Interchange fees vary by retail sector (grocers typically have the lowest interchange rates, while Internet transactions are the highest), type of card (e.g., consumer versus commercial versus check card), size of transaction (large commercial versus small consumer purchases), and authorization procedures.

Think of interchange as the wholesale cost; discount then is what it cost retail or, more accurately, is the cost to retailers. The discount fee incorporates interchange plus mark-ups for processors and other service providers and is paid by the merchant on a per-transaction basis. AmEx and Discover do not charge interchange; instead, merchants pay these companies discount fees.

How come some MLS offices are able to offer lower rates than others?

Beware appearances. Some companies have established elaborate unbundled rate structures that obscure the true cost of services. It's a good idea to shop around for acquiring and processing partners and to understand how each company's prices are set.

What is the breakdown on who gets the interchange? Is it split between the ISO and the bank?

Interchange has three components – cost of money, risk and a transaction-fee component. The cost-of-money component and the risk component go to the issuing bank to hold it harmless for both extending the money before it can collect from the consumer and for the risk associated with the consumer not repaying the money. The transaction-fee component goes to the card association for putting the transaction through its systems.

Merchant banks add an amount for providing access to the authorization and settlement infrastructures, plus their costs for their transaction processors and settlement processors, plus their profit margins, thus creating and setting their "buy" rate. ISOs then add an amount to that for their cost and profit structures, thus creating a second level "buy" rate for their salespeople and their independent contractors. (Note: These "buy" rates can vary even within the same organization, but the initial interchange rates are established by the card associations.)

The ISO salespeople then add their cost and profit structures, creating and setting the final discount rates for the merchant. Sometimes the ISO can set the discount rates, but the practice varies wildly within the market. It's easier to frame interchange as the wholesale cost and discount as the retail cost, with the difference reflecting the costs applied by a huge set of middlemen (industry term, no sexism intended).

Sales Qualification & Guidelines

Card Acquiring

Remember that merchant banks, acquirers and third-party processors also have internal salespeople who get different "buy" rates than they provide to ISOs, plus ISOs can shave the "buy" rates to give merchants better rates, making up the difference in other fee structures, or pad the "buy" rates to take advantage of small unknowledgeable merchants, etc.

"Buy" rates also vary greatly based upon projected volume, stability and size of the merchant, negotiating ability and a plethora of different conditions and circumstances.

How do I build a merchant portfolio?

By offering merchants robust product lines. These are sometimes available as a package from one processing company. But more likely it's something you'll need to pull together on your own, dealing with best-of-breed providers of an array of services, from phone cards and credit cards to loyalty and gift cards, check acceptance, etc.

It's always important to bear in mind, however, that merchant portfolios in reality are owned by acquiring banks, not by the front-line service providers.

What is transaction authorization and how does it differ from processing and settlement?

Authorization, in the context of card payments, involves a communication between the card-issuing bank and the merchant's bank verifying that the cardholder has available credit or available funds in his or her DDA to cover the transaction. The card-issuing bank then sets aside the funds, and an authorization code is assigned to the transaction.

Settlement refers to the final accounting during which debit and credits are posted to the appropriate accounts at the card-issuing and card-acquiring banks. Processing is a catch-all phrase that refers to the management of transaction flows. Some processing companies handle everything involved with a card transaction while others merely move transaction data between different parties (e.g., card acquirers, card issuers and the clearing-and-settlement systems).

What should a full-service ISO look for in an acquirer?

Because they usually are busy negotiating portfolio ownership, full-service ISOs tend to go with a small acquirer. That enables them to manage their front-end and back-end processing separately with a third-party acquirer.

What should a retail ISO look for in an acquirer?

Because they usually are smaller, do not own their portfolios and are not responsible for underwriting or merchant risk, retail ISOs are better off with larger acquirers or third-party processors.

What should an independent contractor look for in an acquirer?

Smaller ISOs generally focus on sales and do not have direct relationships with acquirers.

Sales Qualification & Guidelines

Visa Registration Regulations

Visa's Agent Registration Program requires Visa Members to register all Independent Sales Organizations (ISOs), Third-Party Servicers (TPSs), and Independent Contractors (ICs) contracted to perform bankcard related services.

Visa defines ISO, TPS, and IC as follows:

ISO: an organization or individual, which is not a Member, whose bankcard related business relationship with a Member is (i) Merchant solicitation, sales or service and/or (ii) Cardholder solicitation.

Third-Party Servicer (TPS): an organization which (i) is not a Member, (ii) is not directly connected to VisaNet, and (iii) provides response processing for Visa program solicitations, transaction processing, data capture, and other backroom processing functions (i.e.: chargeback processing, risk/security reporting, and customer service).

Independent Contractor (IC): an individual (1099 employee of either a Member or an ISO) whose bank card-related business relationship is with a Member or an ISO and whose activities involve Merchant solicitation, sales, or services, and/or Cardholder solicitation services.

To register a third party, Members must complete the "Independent Sales Organization/Third-Party Servicer/Independent Contractor Registration" form and send it to Membership and Records Administration for processing. Upon completion of the registration process, all registration information will be housed in the Agent Reference File.

Requirements

Prior to submitting the Exhibit VV, Members must:

1. Query the Agent Reference File by faxing your request to Visa U.S.A. Agent Registration Coordinator via fax, 650-432-1198)
2. Perform a background investigation of the ISO/TPS, including verification of financial responsibility of the principals to ensure that there is no significant derogatory information, and
3. Perform a site inspection of the ISO/TPS business location, including verification of inventory, if applicable, and review of solicitation or sales materials.

After registration is complete, the Visa U.S.A. Operating Regulations require the registering Members to comply with regulations in the following areas:

1. Notification of Changes in Third Party Relationships - Members are required to notify Visa of any change in an ISO's, TPS', or IC's registration information or relationship within three business days.
2. Member/Third Party Contract Requirements - Any contract between the third party and the Member must be executed by an officer of the Member and must contain at least the substance of the following provisions. The following functions must be controlled by the Member:

Sales Qualification & Guidelines

Visa Registration Regulations

- Review and approval of Merchants
- Approval of Cardholder applications
- Establishment of Merchant fees with respect to Visa Transactions

3. Third Party Merchant Services Company - Only registered third parties, who maintain a direct written contract with a Member, may perform services on behalf of a Member. In addition, third parties may not permit use of the Visa Card Program Marks by any of its own third parties.
4. Third Party Records Retention - Members must keep a file on each third party that contains all applicable documentation and the file must be retained for two years following discontinuance of the relationship and must contain the reasons for discontinuance.
5. Merchant Settlement - Members are responsible for ensuring that merchants receive payment for the drafts they deposit. Processors that have been:
 - (i) designated by a Member via the Processor Registration and Designation form and
 - (ii) maintain a direct link to VisaNet are the only nonmembers allowed to participate in the settlement process.

Fees

Initial Registration Fees:

- Independent Sales Organization : \$5,000 per relationship
- Independent Contractor: \$1,000 per relationship
- Third-Party Servicer: \$5,000 per Third-Party Servicer

Annual Registration Fees

- Independent Sales Organization: \$2,500 per relationship
- Independent Contractor: \$ 500 per relationship
- Third-Party Servicer: \$2,500 per Third-Party Servicer
(In a calendar year a Member will not be required to pay both the initial and annual fee.)

Conversion Fees

Members who contract with third parties as a result of a portfolio acquisition, must re-register the ISO/TPS (Exhibit VV) and will be assessed a conversion fee, rather than the initial registration fee listed above. ISOs and TPSs will be converted for \$500. ICs will be converted for \$100.

Sales Qualification & Guidelines

Visa Registration Regulations

Fines

A Member which fails to comply with the requirements of the Agent Registration Program will be fined. Such infractions include the following:

- Noncompliance with Section 9.19A, which requires all Members to perform the following three steps prior to contracting with an ISO, IC, or Third-Party Servicer:
 - Query the Agent Reference File
 - Conduct a Background Investigation of the third party
 - Perform a site and inventory inspection
- Noncompliance with Section 9.6.B, which requires all Members to register and pay fees for all ISOs, ICs, or Third-Party Servicer providing services on their behalf. In addition, Members must notify Visa of any change in the relationship within three business days.

Agent Registration Program fines are as follows:

- \$10,000 for the first infraction
- \$20,000 for the second infraction in a five-year period
- \$50,000 for the third infraction in a five-year period

Visa Trademark Usage

Member Identification

Any correspondence, supplies, or solicitation materials (including those to be used for broadcast or oral solicitation) must prominently identify the Member's name and the city in which the Member is located.

In addition, all Visa Members must ensure that all solicitation material distributed by a registered third parties comply with the following Member identification guidelines:

- The Member's name and city must be prominently identified adjacent to the Visa Marks.
- The third party must be identified as a representative of the Visa Member.
- All solicitation materials must clearly disclose that any Cardholder/Merchant Agreement is between the Visa Member and the individual Cardholder and/or Merchant.
- All Cardholder solicitation materials must clearly state that the Member, not the third party, is the Issuer of the Visa card.

General Requirements

- The Member or its registered third party may not distribute any solicitation materials that reference bankruptcy, insolvency, or any similar circumstance.
- All ISOs, ICs, and TPSs are prohibited from using the Visa mark on letterhead, stationery, or business cards.

Sales Qualification & Guidelines

Visa Registration Regulations

- No Member, either directly or indirectly, may appoint or permit as its third party, for either cardholder or merchant solicitation, an organization which the Board of Directors deems to be a competitor of the Visa System. This includes but is not limited to American Express Company and their respective subsidiaries and affiliates.
- Each Visa Member must ensure that any use of the Visa Card Program Marks by its registered third parties comply with the specifications in Chapter 10 and 14 of the Visa U.S.A. Operating Regulations.

To avoid the penalties all ISO employees must either be

- (i) W2 employees of the registered ISO or
- (ii) Visa registered 1099 employees (i.e., Independent Contractors) of the registered ISO or Visa Member.

Any Independent Sales Organization that solicits Merchants must be registered. ISOs can only accept Merchant applications from their W2 employees or Visa registered 1099 employees.

Sub-contracting is not permitted. In reference to registered third parties, sMerchant Services Company contracting is considered to have occurred in any of the of the following situations:

1. A 1099 employee of a Visa registered ISO who is

- (i) not registered as an Independent Contractor in the Agent Registration Program and
- (ii) soliciting Merchants on behalf of a Visa Member and/or it's registered ISO.

2. An organization that

- (i) is not registered as an Independent Sales Organization in the Agent Registration Program,
- (ii) soliciting Merchants to process credit card transactions, and
- (iii) submits Merchant applications through a registered ISO for processing.

1099 or W2 employee of a registered ISO which submits applications through a different registered ISO to facilitate acceptance of "hard to place" Merchants.

To avoid the penalties all ISO employees must either be:

- (i) W2 employees of the registered ISO or
- (ii) Visa registered 1099 employees (i.e., Independent Contractors) of the registered ISO or Visa Member.

Any Independent Sales Organization that solicits Merchants must be registered. ISOs can only accept Merchant applications from their W2 employees or Visa registered 1099 employees.

The Visa Agent Registration Program is administered by Franchise Management Department. Questions regarding the program can be directed to Visa U.S.A., Franchise Management Department at (650) 432-2933, or fax (650) 432-1198.

Sales Qualification & Guidelines

Mastercard Registration Regulations

MasterCard defines an MSP, or Member Service Provider, as “Any non member of MasterCard that provides ISO services to a MasterCard member and that is registered with MasterCard as an MSP to provide such services.”

An ISO is defined as “Any MSP that provides program services, other than transaction and cardholder processing, to a MasterCard member in furtherance of the member’s program.” An example would be an entity that provides merchant solicitation or customer service.

Requirements

The MasterCard rules stated below have been in effect since 1997

- ISOs must be individually registered with MasterCard by each member using the ISO/MSP’s services
- TPPs must register directly with MasterCard

Upon registration, the member and the MSP will be notified by MasterCard; Members will be charged \$5,000 to register each ISO relationship and \$1,500 each year thereafter to maintain each ISO's MSP registration status.

An MSP can provide services to more than one member however, they will need to be registered with each member and registration fees and renewal fees will be collected for each relationship.

Obligations

MasterCard holds their members responsible for their programs and their ISOs/MSPs. Therefore, a member must approve and be responsible for all aspects of the acquiring program, including the MSP’s printed materials. The member must approve an MSP’s program materials before use and those materials may not state or imply that the MSP is acting outside the rules

Members must approve in advance any fees associated with the member’s program.

Furthermore, all merchant agreements must be executed by the member. If the ISO is a party of the agreement, MasterCard must first review and approve the agreement.

Discount rates and similar fees must be collected by the member and not the MSP. MSPs may not have access to any account for which funds are due to the merchant from the member.

The member must have access to all executed merchant agreements and inspection reports. The member must also have access to up-to-date names and addresses of merchants in its program. Members may not be limited by an MSP in its authority to terminate any merchant’s program participation.

Members must:

- Provide MSP with MasterCard rules regulations and policies prior to registration
- Register MSPs before they receive services from them
- Promptly provide MSP with any change to rules regulations, or policies

Sales Qualification & Guidelines

Mastercard Registration Regulations

- Supply the MSP with a written agreement detailing the services provided

MSPs must:

- Promptly provide the name and phone number of its sponsor member if requested by a cardholder or merchant
- Use MasterCard markings in accordance with rules and on MSP stationery.

All program materials must be approved by the member ahead of time. The MasterCard name and logos must be used in conjunction with the member's name. (For example, "MSP is an authorized representative of ABC Bank.") Marks may not be used as an implied endorsement of MSP's programs by MasterCard

Selling and Marketing Regulations

REGISTERED DBA (Doing Business As) NAME

Client must conduct all merchant solicitation under the Client's name as initially registered with the associations for all business directed through the Bank/Processor. Client may not sell under any DBA Name or fictitious name that is not registered with the associations or state of incorporation.

Client must notify their The Bank/Processor Relationship Manager via online inquiry and provide updated Articles of Incorporation, fictitious name filings, etc. of any subsequent DBA's and must also indicate the percentage of ownership. The Relationship Manager will notify The Bank/Processor Compliance within 48 hours with the request. The Bank/Processor will respond back to the Relationship Manager within 10 business days with the resolution. Additional DBA filings may require additional registration fees. The Bank/Processor will notify associations of registered DBA Names.

CROSS-BORDER SOLICITATIONS

Clients may only sign merchant outlets located within the 50 United States and U.S. military bases, U.S. embassies or U.S. consulates located in a foreign territory.

WEB SITES, LOGOS, SALES & COLLATERAL

The Bank/Processor must approve all marketing materials, web sites and business cards and sales collateral. Any proposed changes made by the Client that are ready for review can be provided to their The Bank/Processor Relationship Manager who will notify The Bank/Processor Compliance within 48 hours with the request. The Bank/Processor will respond back to the Relationship Manager within 10 business days with the resolution. All marketing materials, web sites, business cards, etc. must reflect that the Client is a registered ISO/MSP of XXX Bank, etc.

The Bank/Processor requires all clients to comply with Association Regulations, Contractual Marketing Agreement Provisions and all federal regulations including regulations including but not limited to guidelines outlined by FTC (www.ftc.gov) and requirements under the Equal Credit Opportunity Act. These regulations, provisions and requirements include all methods of sales both verbal and written.

The following items are intended to assist clients with compliance requirements. This list is not intended to serve as an exhaustive list of compliance requirements; rather is intended to offer an outline of general compliance requirements.

The following compliance requirements apply, but are not limited to:

- Client Business Cards
- Stationary
- Trade Show Marketing Materials

All Advertisement Materials (brochures, trade magazines, news paper)

- Mass Mailing Campaigns
- E-Mail Solicitations
- TV/Radio Advertisements

Selling and Marketing Regulations

Web sites

1. At our sole discretion, we reserve the right to audit Client's marketing materials for full compliance.
2. Credit card logos must be displayed fully; do not "fan" or modify or use as a design element. Mastercard and Visa logos are only permitted on Web sites and sales materials, not on business cards or stationery. Credit card logos may be downloaded from the MasterCard or Visa Web sites.
3. If American Express and Discover credit card logos are displayed, the following statement must be added to the end of the sponsor bank statement: American Express and Discover require separate approval.
4. Client may not display any additional information or facts about Wells Fargo Bank, NA on their website, marketing materials or other collateral as stated, other than the registered Bank Statement.
5. To promote consistency in trademark use and marking, it is recommended that all trademarks or service marks be marked with the proper symbol (SM, TM or ®), in superscript, the first time they are used in a headline and in body copy on each page. Trademarks are to be included when the registered name is used as an adjective, not as a noun, verb or corporate name.
6. Clients cannot place online solicitations for "Unacceptable Business" merchants, as listed in the Marketing Agreement between Client and ISO, in relation to the bank.
7. Clients utilizing an online preliminary application must also disclose that a hard copy of the merchant processing agreement and application (MPA) must be submitted and provide a copy of the Terms and Conditions. In addition the Confirmation Page must be signed by the merchant and returned.
8. On-line merchant applications should also indicate the Client is a registered ISO/MSP of "ABC Bank, City, State". All on-line Merchant Applications must be reviewed and approved in writing by Bank/Processor and hosted on Bank/Processor servers.
9. Client may not indicate they are a partner of, or owned by, or a member of any of the following: FDC, any FDC subsidiary, MasterCard, Visa, American Express, or any credit card issuer.
10. Clients may state that they are "powered" by "ABC Bank, City, State".
11. Clients may not include a list of clients or merchants unless ISO has express, written consent from the individual merchant to use his/her name and comments on ISO's marketing pieces and Web sites.
12. Anytime percentages or factual statements are used, clients must indicate the source of the statistics statement.

Selling and Marketing Regulations

13. Clients Web sites are required to contain a privacy policy. A privacy policy must reflect the policies specific to the Client business and the client must be able to implement and uphold any and all assurances set forth in the policy.

14. Any promotions must include a disclaimer advising who is running and managing the stated promotion.

Naming/Branding Client Website or Collateral Material, Telecommunications

- Clients must use either their legal name or their registered DBA name.
- Client will use commercially reasonable efforts to gain Bank/Processor approval for development or changes to its website. Client will be subject to review of its website periodically by Bank/Processor to ensure the site is compliant with all Association regulations.
- Business cards used in merchant solicitation may only display the Client's registered name(s) and contact information; Client may not use co-branded cards with non-merchant services related types herein.

Advertising Text

When publishing or distributing marketing collateral, whether printed or electronic, Client must make commercially reasonable efforts to obtain approval from Bank/Processor. The following is a guideline of some of the requirements that Bank/Processor will not consider when reviewing all marketing materials. Please refer to the FACS ISO Compliance Checklist for a complete list:

- Website may not state "100% Approval Rate", "free merchant account", "bad credit no problem", "no background checks", etc.
- Any "pre-approval" offerings must include the disclaimer "Pre-approval subject to business type restriction and credit approval."
- Statements such as "All business types are considered" or "Most businesses approved are acceptable. Do not state that "All business types are accepted."
- Do not advertise or guarantee "lowest rates" or "best rates" - If you post prices, quote only standard rates
- Do not guarantee rates and fees
- Do not guarantee a specific increase of sales or savings, such as "will cut your processing costs in half," or "Sales will increase 50%" Use "may cut" or "may increase."
- Avoid overstatements. Instead use general descriptions. Stay away from: #1 processor, unlimited payment options, guaranteed on approval, best in the industry, exclusive, elite, restricted, limited, private, sole, or absolute. Recommended: cutting edge, "a topJ1 or "a leading" company, save up to hundreds of dollars, increase business accept credit cards, or competitive rates, exceptional, extraordinary, selected.
- Prohibited Solicitations. Client shall not solicit "unacceptable merchants" as defined in Bank/Processor Credit Policy Requirements. This would include cross border solicitations.
- Do not use the following statements or versions of the following statements: Instant merchant approval(s), easy approvals, liberal underwriting, liberal merchant acceptance, faxed applications, aggressive underwriting, no site inspections, no credit, questionable credit

Selling and Marketing Regulations

Business Phones

All client telephone numbers listed on the registered client's marketing materials, sales collateral and web sites must all answer in the registered client's name.

Logo Usage

Client and/or its sales representatives shall NOT use the Bank/Processor or FDC LOGO on any business card, stationery, website or sales collateral material. The use of the Bank/Processor and FDC logos are strictly prohibited.

Additionally, Client and/or its sales representatives shall not use the MasterCard, Visa, Discover, Diners, American Express, JCB, Bank/Processor and/or Wells Fargo Bank, NA or any other related logo's on any business card, stationery, website or sales collateral material. Logos shall only be used on Bank/Processor approved promotional materials, and must contain "Wells Fargo Bank, NA" along with the MasterCard and/or Visa logo. ISO/Sales agent shall not represent itself as an agent of MasterCard or Visa or Bank/Processor or Wells Fargo Bank, NA.

Website Security and Privacy Policy

Clients must post their own proprietary privacy policy

DOING BUSINESS WITH GOVERNMENT ENTITIES

Any proposal to do business with any governmental entity either directly or as a subcontractor (and to renew or extend an existing contract with a government entity or agency), including but not limited to city, county, state or federal government, requires you to obtain our approval prior to the submission of the proposal or performance of the following activities; marketing, marketing sales calls, bidding, negotiating, responding to RFI's and RFP's; modifying, extending or renewing contracts; pricing, auditing, billing, and accounting, or buying plastics, paper forms, or goods or services from vendors on behalf of a government entity or government contractor.

Failure to comply with government requirements may result in contractual, civil, and criminal liability for all parties involved, including but not limited to the ISO/Client, First Data Merchant Services, Wells Fargo Bank, NA.

Selling and Marketing Regulations

Marketing Regulations

Before any government request for proposal is submitted, it must conform to The Bank/Processor policy, including a required internal legal and business review and approval process.

Government entity means any agency, department, division, board, bureau, or other part of the government of the U.S.A. or of any other political sub-divisions, including states, counties, cities, public educational institutions, government-owned health care facilities, special purpose districts, publicly funded utility companies, or other publicly funded entities.

Client shall have the right to employ or engage, in accordance with Visa and Mastercard rules and regulations, suitable and desirable sales representatives. Client shall be solely responsible for its sales representatives and their actions or failures to act. Client is responsible for conducting appropriate background checks on all employees, vendors and independent contractors that are engaged to act as sales representatives. Sales representatives shall be hired at Client's own risk, expense and supervision, and Client will hold The Bank/Processor harmless and fully indemnify The Bank/Processor and "ABC Bank, City, State" for any costs or losses resulting from claim against The Bank/Processor or "ABC Bank, City, State" for salaries, residuals, commissions, items of cost, or any other form of compensation or reimbursement. Client represents and warrants, and covenants, that sales representatives shall be subordinate to Client and subject to each and all of the terms, provisions and conditions applying to Client hereunder and under the agreement with The Bank/Processor. Sales representatives cannot market nor sell under any other DBA name, other than the registered ISO/client DBA name.

Sales Representative - Client shall provide The Bank/Processor with requested information for each of its sales representatives for the assignment of a sales identification number. All sales representatives who are currently marketing the Services on behalf of Client must be assigned an identification number by The Bank/Processor. The Bank/Processor reserves the right to request from Client additional information concerning Client's sales representatives as The Bank/Processor may require from time to time.

1099 Sales Agents, Referral Partners and Community Banks

1099 Sales Agent Naming Convention

A 1099 Sales Agent may opt to use a DBA name that contains a geographic location or regional sales office only.

A Geographic location is defined as a: State, City, County, Region, or Land Formation

Generalities such as "Metropolitan" are not acceptable without the primary ISO name attached to the 1099 Agent name.

The naming must be specific to the market they are servicing.

Telephones

All 1099 Sales Agent telephones must be answered in the name of the registered ISO Corporate or DBA name. They cannot be answered in their own name.

Selling and Marketing Regulations

Email Addresses

All email inquiries should be addressed to the agent, referencing the registered ISO name. Example: "agentW@ABCISO.com" - where the ISO name is ABC ISO, Example: "agent@ABCISOBostonMetropolitan.com."

Note: Email addresses within these URLs cannot utilize an outside extension, such as "@yahoo.com" or "@hotmail.com" @a01.com.

Non-Merchant Processing Business

- All non-merchant processing solicitations must be segregated from the card processing solicitations.
- All Sales Materials must be approved by the Member Bank and FACS and cannot combine merchant processing and non-merchant processing.
- URLs - non-merchant processing solicitations must be linked to a separate page, or refer back to the registered ISO, if being contained within the same website. Rates, fees or Terms and Conditions for merchant processing must not be referenced on pages that also solicit or reference non-merchant processing.

Merchant Applications

Applications being used for a specific sales channel must not be branded or "stamped" with that Sales Agent's name or market name. Doing so would infer that the sales agent is soliciting under his own name, and hence requiring ISO registration.

1099 Sales Materials and Collateral

Sales Materials and Collateral being used for a specific sales channel must not be branded or "stamped" with that Sales Agent's name or market name. Doing so would infer that the sales agent is soliciting under his own name, and hence requiring ISO registration.

Referral Partners

Referral Partners provide merchants with general benefits only, and do not quote fees, pricing, terms or conditions. Referral Partner websites must link over to the registered ISO's site to reference terms, conditions, pricing and from a consumer perspective, the consumer must clearly understand and visibly see that they are in a different sitelseparate link.

- Telephone referrals must be directed to and serviced by the registered ISO.
- Person to person referral - The Sales Representative must distribute marketing and applications referencing the registered ISO only - again, no pricing quoted or terms and conditions may be discussed.

Community Banks

- Community Bank must not quote rates, fees, terms or conditions unless registered as an ISO or Affiliate Member Bank.

Selling and Marketing Regulations

Fraudulent Activities

If Client becomes aware of any actual or alleged fraudulent activities or misrepresentations by its employees/sales representatives, Client shall promptly advise The Bank/Processor.