



## Chargeback Management Policy (8.1.2015)

Action plan for ongoing merchant monitoring and the approval/boarding of new merchant accounts with the goal of reducing the number of chargebacks in the system and added to the system through new business.

Modification to ongoing monitoring of merchants:

	Monthly Chargeback Count	Processing Volume Inc./Dec .	Monthly Rev. Date	Exception(s)	Action Plan
New Merchant <90 Days	>25 - <55 All Cards	+	N/A	N/A	Reevaluation of products and sales model to determine if remediation/closure is necessary.
All Merchants	>75 All Cards	+	N/A	N/A	Reevaluation of products and sales model to determine if remediation/closure is necessary.
All Merchants	> 50 All Cards & 75BPS CB by Count – trending up	+	Submitted by the 15th	Fraud Victim/ Low Ratios/ POS Technical Error	Account is reevaluated for CB remediation and/or closure. Exceptions must have double signature approval [Alliance Partner & Melville (Barry/Curtis/Domenic)].
Merchant Violating Excessive CB Program	>100+ V/MC	+/-	15th	Fraud Victim/ Low Ratios/ POS Technical Error	Account is reevaluated for closure. If trending to violate Excessive CB Program in the current month, account must be closed. If not trending to violate, a business case is required to justify keeping the account open. All business cases must be presented at least 3-5 business days prior to month-end prior to final closure review. Exceptions must have double signature approval [Alliance Partner & Melville(Barry/Curtis/ Domenic)].
Merchants w/ low Trans. Count and Large Tickets	>25 All Cards	+	N/A	N/A	Reevaluation of merchant business practices/ products/sales model for possible closure.
Merchant Closure Request by association/ DB	Any	N/A	N/A	N/A	Exceptions are subject to DB/Association approval and will be presented when supported by a strong business case.

#### Modification to boarding merchants:

- Decline accounts with 50 or greater chargebacks, and 75 BPS CB ratio by count trending up in a single month. Exceptions will only be reviewed for those merchants with an acceptable business type demonstrating low ratios and processing at higher volume levels (business case required). Decreasing CB trend must be a result of implemented CB mitigating controls rather than a decrease in volume. Business case must be signed off by Melville (Curtis/Barry/Domenic).
- Decline accounts with increasing trend in chargeback count and any month exceeding 50 (no exceptions).
- Merchants evidencing commonality will be limited to one merchant account with total CB count of shall be no more than 75 and 75 BPS CB ratio by count. "Commonality" is defined as any group of entities that EVO Payments International or its subsidiaries knows to be commonly owned by taxpayer identification number or social security number, sells the same or similar product/service, and is marketed with the same or similar billing descriptor, website, DBA name, DBA phone number, or address.
- In the event commonality exists, an exception may be granted for more than one merchant account due to a legitimate business reason (exceptions can be granted at the VP level). Under these circumstances, the merchant must be informed that the 2(+) accounts will be treated as one combined account for monitoring purposes and that the total number of CBs shall be no more than 75, with not more than 50 on any individual MID, and 75 BPS CB ratio by count.
- Whenever a 2(+) merchant account exception is granted the BankCard Standards team must be notified at approval in order to place the accounts on a monthly monitoring list to be reviewed based on above stated monitoring criteria.
- Any merchant/account perceived to be engaging in activity for the purpose of evading Card Brand chargeback monitoring programs will not be considered for approval.

#### Action currently in place (which shall continue):

- Decline any account after review of prior processing that reflects an increasing trend approaching V/MC chargeback program thresholds.
- Prevention of duplicate accounts from being added to EVO's company-wide portfolio.
- There is a two MID maximum for merchants selling the same/similar product line. A legitimate business case must be made for two MIDs.
- Identification of potential load balancing scenarios from the time of initial boarding.