



GENERAL TERMS AND CONDITIONS

The present Document is undivided part of the Merchant PSP/ISO/MSP Agreement and are adopted by the Board of Directors on 27th of October, 2017, effective from the same date

1. **DEFINITIONS:** For the purposes of the Agreement and the Schedules referred to herein, the following definitions apply unless the context explicitly requires otherwise:
 - a. **Address Verification** shall mean a service that allows Merchant to verify the home address of Cardholders with the relevant Issuer.
 - b. **Authorization** shall mean an affirmative response, by or on behalf of an Issuer to a request to effect a Transaction, that a Transaction is within the Cardholder's available credit limit and that the Cardholder has not yet reported the Card lost or stolen. All Transactions require Authorization.
 - c. **Authorization Center** shall mean the facility or facilities designated from time to time by TE or ISO to which Merchant shall submit all requests for Authorization.
 - d. **Acquiring Services** means the processing, clearing and settlement of card transactions between the Card Schemes, the merchants and the issuers.
 - e. **Business Day** shall mean any day other than (i) a Sunday or Saturday, or (ii) a holiday in Bulgaria and/or in the state where the Merchant has its establishment (iii) a day on which banking institutions in Bulgaria are authorized by law or by a regulatory order to be closed.
 - f. **Card(s)** shall mean credit cards of the brands specified in Section "Cards, Services And Equipment/Software" of the Agreement.
 - g. **Card Association(s)** shall mean a world wide incorporated body regulating and processing specific brands of credit cards, namely: VISA, MasterCard International.
 - h. **Cardholder** shall mean the person or the entity that are authorized to use a Card.
 - i. **Chargeback** shall mean any debit of TE by the Credit Card Association or, by a Credit Card issuer, in accordance with the Credit Card Association's regulations.
 - j. **Forced Sale** shall mean a sales Transaction processed without an approved electronic Authorization number being obtained for the full amount of the sales Transaction at the time the Transaction is processed.
 - k. **Full Recourse Transactions** shall mean mail orders, telephone orders, e-commerce (Internet) orders, Pre-Authorized Recurring Order Transactions, and other "card not present" sales.
 - l. **Issuer** shall mean a member of a Card Association that enters into a contractual relationship with a Cardholder for the issuance of one or more Cards.
 - m. **ISO** (Independent Sales Organization) means an organization that sells business products or services to merchants and/or acquires merchants on behalf of various types of merchant service providers.

- n. **Merchant** means any legal entity which is legally domiciled in Europe (being those countries in Europe licensed from time to time by the Card Schemes) and whose transactions are conducted by TE and who is contracted by TE to accept cards for the sale of its products and / or services.
- o. **Merchant Statement** shall mean an itemized statement of all charges and credits to the Operating Account (as that term is defined in Section 9 of this Agreement).
- p. **Non-Qualified Transactions** shall mean: (i) any Transaction submitted for processing more than 24 hours past the time the Authorization occurred; (ii) any Transaction missing required data.
- q. **Pre-Authorized Recurring Order Transactions** shall mean Transactions that have been pre-authorized by the Cardholder and for which the goods or services are to be delivered or performed in the future by Merchant without having to obtain approval from the Cardholder each time.
- r. **Payment Service Provider (PSP)** means an entity that offers e-Commerce merchants the ability to accept a wide variety of payment methods, such as credit cards, bank transfers, direct debits, etc.
- s. **Qualified Transactions** shall mean: (i) Visa and MasterCard retail transactions in which the Card is swiped; (ii) Visa Card Not Present telephone, mail or Internet Transactions processed with Address Verification Service (AVS); or (iii) MasterCard telephone, mail or Internet transactions or (iv) Transactions that are part of a special registered program approved by the Associations.
- t. **Services** shall mean the transaction processing services provided by TE under this Agreement.
- u. **Transaction** shall mean the acceptance of a Card or information embossed on the Card, for payment for goods sold and/or leased and/or services provided to Cardholders by Merchant, and receipt of payment from TE, whether the Transaction is approved, declined, or processed as a forced sale. The term "Transaction" also includes credits, errors, returns and adjustments.
- v. **TE** shall mean Transact Europe EAD.

2. SCOPE OF AGREEMENT:

2.1. Merchant agrees to participate in the card processing services program established by TE.

2.2. During the term of the Agreement, subject to the terms and conditions of these General Terms and Conditions /GTC/, ISO agrees to perform certain services, on behalf of the Merchant in order to allow Merchant to accept and process Transactions. ISO shall provide Merchant with the Services indicated in Section "**Cards, Services And Equipment/Software**" of the Agreement, as amended from time to time by TE, during the term of the Agreement.

2.3. In the performance of its duties hereunder, ISO shall be an independent contractor, and not an employee or agent of TE.

3. COMPLIANCE:

- 3.1. Merchant agrees to comply with the bylaws, rules, regulations, policy statements and guidelines of the Card Associations.
- 3.2. Merchant undertakes to send all information and documents TE requests within the time limit given by TE, when information and documents are requested by the Card Schemes.
- 3.3. Merchant represents and warrants that it has obtained all necessary regulatory approvals, certificates and licences to sell any product or provide any service it intends to offer. Merchant shall comply with all present and future European, national and local laws and regulations and operate in accordance with all relevant laws in the countries in which the Merchant operates, including but not limited to Anti Money Laundering and Know Your Customer requirements.
- 3.4. Where merchant is found incompliant and has not amended his activity to become compliant within in the timeframe given by TE, then TE can either terminate the Agreement or withhold settlement payments to the merchant until the merchant has become compliant.

4. ROLLING RESERVE ACCOUNT:

- 4.1. Upon, or at any time after, execution of this Agreement, TE may establish a Merchant Reserve Account at any financial institution designated by TE ("Merchant Reserve Account"), for all future indebtedness of Merchant to TE or ISO that may arise out of or relate to the obligations of Merchant under the Agreement or the present GTC, including, but not limited to, chargebacks and fees, in such amount as TE from time to time may determine in its sole discretion. TE may fund the Merchant Reserve Account by deduction from payments due to Merchant or a charge against Operating Account or against any of Merchant's accounts at TE. The calculation of the Merchant Reserve Account shall be as described in Section "**Pricing Schedule**" of the Agreement. Merchant may not make changes in Merchant Reserve Account without TE's consent.
- 4.2. The Rolling Reserve Account will be maintained for such time as TE determines that the release of the funds to Merchant is prudent, in the best interest of TE, and commercially reasonable, and that Merchant's account with TE is fully resolved. TE's decision will be based on its risk calculation. Any balance remaining in the Rolling Reserve Account will be paid into Merchant's Settlement Account.

4.3. If TE is prevented from remitting the due amount to the Merchant's Settlement Account for reasons beyond TE's control (the Settlement Account is closed; there are no appointed Directors to give payment instruction, etc.) then, from the time period these conditions exist, the Account shall be deemed to be inactive and the inactivity fee as per 5.11 shall be applied to the account. The due fee shall be deducted from the Merchant account balance. TE will inform Merchant in writing of any charges debited to the Merchant Reserve Account during this period.

5. **FEES**

- 5.1. The Merchant Discount Rate, Authorization Fees and Transaction Fees are set forth in Section "**Pricing Schedule**" of the Agreement.
- 5.2. The Merchant Discount Fees are based on sales, not net sales. Different Merchant Discount Rates may apply to Qualified and Non-Qualified Transactions, as shown in Section "**Pricing Schedule**" of the Agreement.
- 5.3. Merchant agrees that TE will deduct Merchant Discount Fees from the Operating Account or Merchant Reserve Account on a daily basis.
- 5.4. Merchant also agrees to pay TE the amount of any fees, charges, fines or penalties assessed against TE by any Card Association or Issuer for Merchant's violation of the by-laws, rules, regulations, guidelines, policy statements or threshold requirements of such parties.
- 5.5. Merchant shall pay TE any other services provided to Merchant by TE and all other fees, including, but not limited to monthly service fees, Chargebacks and set-up fees provided for in the Agreement, as shown in Section "**Pricing Schedule**" of the Agreement.
- 5.6. The Merchant shall be liable for all acts, omissions, Cardholder disputes, and other Cardholder customer service-related issues caused by the Merchant.
- 5.7. Merchant who violates the conditions of any of the program of the card schemes may be subject to fines, as specified in Section "**Pricing Schedule**" of the Agreement.
- 5.8. Card schemes monitors the ratio of Transactions received by an Acquirer that are determined as fraudulent to determine disproportionate fraud-to-sales ratios. In case TE is penalised by the Card Schemes, merchant will be penalized proportionally for the disproportionate fraud-to-sales ratios bring into TE portfolio.
- 5.9. All amounts Merchant owes TE may be charged to the Operating Account or Merchant Reserve Account, recouped by adjustment to any credits due to Merchant, or set off against any account or property TE holds for, or on behalf of, Merchant.

- 5.10. In those cases where the merchant requires settlement in a currency other than the transacting currency, Transact Europe directly or indirectly through its affiliate banking relationships and or card scheme networks will conduct the currency conversion for the Merchant. The foreign exchange rates utilized will be determined by the various financial institutions involved in the process and may contain market adjustments to publicly available interbank or card scheme rates.
- 5.11. As security for the performance by Merchant of all of its obligations under this Agreement, Merchant hereby grants to TE a security interest in the funds held in the Merchant Reserve Account. Merchant will execute and deliver to TE such documents, in a satisfying form, as TE may reasonably request in order to perfect TE's security interest in the Merchant Reserve Account, and will pay all costs and expenses of filing the same or of filing the Agreement in all public filing offices, where filing is deemed by TE to be necessary or desirable. TE is authorized to file financing statements relating to the Merchant Reserve Account without Merchant's signature where authorized by law.
- 5.12. An inactivity fee will be applied to the Merchant's account following a period of 6 consecutive months of inactivity regardless. For the purpose of this Agreement "inactivity" is defined as a period where there is no change to the Merchant account balance, excluding balance changes as a result of any fees or adjustments applied by TE. The inactivity fee is due monthly and will be in the amount of 5% of the Merchant account balance at the time of entering the "inactivity" status. The inactivity fee will be deducted from the 7th month onwards until such time as either activity resumes on the account, the balance reaches zero or the Merchant gives TE notification of termination of the Agreement and an instruction regarding where to transfer remaining funds. The inactivity fee is non-refundable and TE will not accept any claims for reimbursement.

6. SOFTWARE:

- 6.1. In processing Transactions, Merchant shall use only software programs provided by ISO or approved by ISO ("Software") and related equipment installed or approved by ISO, subject to TE's approval, and the following additional terms:
 - 6.1.1. The software to be provided or installed, the quantity of such Software and the location for installation are set forth in Section "**Cards, Services And Equipment/Software**" of the Agreement. The Software shall be suitable for processing the Services;
 - 6.1.2. Merchant will provide, at Merchant's expense, suitable electric power and telephone services and will pay for any alterations to Merchant's premises required to properly locate Merchant's computer hardware running the Software;
 - 6.1.3. Merchant shall permit telephone equipment installers and computer hardware installers to enter its premises to install, replace, retrofit, inspect, relocate, disconnect, remove, repair or maintain telephone lines and equipment and computer hardware;

- 6.1.4. Merchant shall provide the information required by the merchant input form provided to Merchant by ISO and shall promptly notify ISO and TE of any changes in this information;
 - 6.1.5. If Merchant is using Software, Merchant acknowledges receipt of a copy of the Software User's Guide. Merchant will use and operate the Software only in accordance with the Software Users' Guide, as amended from time to time by TE or ISO;
 - 6.1.6. Merchant acknowledges that the installation of the Software and equipment is subject to: (1) the availability of suitable communication lines, equipment terminals and related equipment; and (2) the cooperation of Merchant with the electric and communication companies. TE will have no liability to Merchant if any installation is delayed or cannot be completed. ISO will not have liability to Merchant if any installation is delayed or cannot be completed for reasons not caused by the act or neglect of ISO;
 - 6.1.7. All Software shall be installed and operated in accordance with the instructions provided by ISO.
 - 6.2. Merchant acknowledges that its use of the Software is in accordance with the terms of the license granted by ISO. The Software is owned by ISO. It is licensed to Merchant and not sold. The Software and accompanying printed materials, if any, are protected by copyright laws and international copyright treaties, as well as other intellectual property laws and treaties. Merchant is prohibited from copying the Software and accompanying printed materials. Merchant shall not sell, lease, encumber or otherwise dispose of the Software. Merchant acknowledges that the proper functioning of the Software requires computer hardware suitable to operate the Software application. ISO will not have any liability to Merchant if the Software fails to operate because of Merchant's inappropriate, inadequate or faulty computer hardware, because of the failure of Merchant, its employees and agents to operate the Software properly in accordance with the instructions provided by ISO or because of the neglect or misuse of the Software by Merchant, its employees or agents. If the Software fails to operate for any other reason not attributable to Merchant, the liability of ISO shall be limited to the repair or replacement of the Software. TE shall have no liability to Merchant for any Software.
7. **DATA CONNECTION:** In the event Merchant requires the installation of a dedicated data connection for electronic transmissions to ISO, Merchant shall make arrangements for such installation and the maintenance thereof with ISO. ISO shall coordinate the installation and maintenance of the dedicated data connection. Merchant shall pay ISO for all costs related to the installation and maintenance of the dedicated data connection.
 8. **DOCUMENTING TRANSACTIONS:**
 - 8.1. Merchant shall submit the following information to TE in connection with Transaction processing:

- 8.1.1. The DBA ("Doing Business As") name of Merchant, name of Merchant and Merchant's address;
 - 8.1.2. Merchant's customer service telephone number if the Transaction is a mail, telephone or Internet Transaction;
 - 8.1.3. Merchant's Internet address and e-commerce indicator;
 - 8.1.4. The Merchant Number assigned to Merchant by TE;
 - 8.1.5. The Card account number, validation date and/or expiration date of the Card, if one appears on the Card;
 - 8.1.6. The address and telephone number of Cardholder and Visa CVV2 or MasterCard CVC2 number if the Transaction is a mail, telephone or Internet Transaction;
 - 8.1.7. The Name, address and telephone number of Cardholder; and
 - 8.1.8. Such additional information as may from time to time be required by TE and/or the relevant Issuer.
- 8.2. Merchant shall not submit a Transaction to TE (electronically or otherwise) until Merchant has performed its obligations to the Cardholder in connection with the Transaction or obtained Cardholder's consent for a Pre-Authorized Recurring Order Transaction. Merchant shall not transmit any Transaction to TE that Merchant knows or should have known to be fraudulent or not authorized by the Cardholder.
 - 8.3. Merchant is responsible for its employees' actions. Merchant may transmit a Transaction that effects a prepayment of services or full prepayment of custom-ordered merchandise, manufactured to a Cardholder's specifications, if Merchant advises Cardholder of the immediate billing at the time of the Transaction and within time limits established by the Card Associations.

9. **AUTHORIZATION FOR FULL RECOURSE TRANSACTIONS:**

- 9.1. Merchant shall obtain Authorization of Transactions as follows:
 - 9.1.1. All Full Recourse Transactions are at Merchant's risk. As to each Full Recourse Transaction, Merchant warrants to TE that the person whose name is submitted to TE as Cardholder made the purchase. Upon breach of this warranty, TE may charge back the Transaction to Merchant. If TE charges back the Transaction to Merchant: (i) Merchant shall pay TE the amount of the Transaction, any Chargeback fee in Section "**Pricing Schedule**" of the Agreement, plus any Card Association fine or assessment; and (ii) TE may charge all such amounts to the Operating Account or Merchant Reserve Account without prior notice to Merchant;
 - 9.1.2. All Full Recourse Transactions must be electronically authorized via Software application and, in addition to the information required in **Section "Documenting Transaction"**, each such request for Authorization also shall include: (i) an Authorization code, if required; (ii) the Cardholder's address and Address Verification results; and (iii) in lieu of the Cardholder's signature, a notation of (A) mail order (MO), (B) telephone order (TO), (C) e-commerce order (EO), or (D) pre-authorized order (PO) on the signature line;

- 9.1.3. If Merchant accepts a Pre-Authorized Recurring Order Transaction, the Cardholder shall execute and deliver to Merchant a written request for this pre-authorization. This written request shall be maintained by Merchant and made available upon request to TE. All annual billings must be reaffirmed at least once each year. Merchant shall not deliver goods or perform services covered by a pre-authorization order after receiving notification from the Cardholder that the pre-authorization is canceled or from TE that the Card covering the pre-authorization is not to be honored; and
 - 9.1.4. Merchant shall verify Cardholder's address with the Card Association network. For telephone or mail order sales, Merchant shall transmit a ticket/invoice number and shall perform address verification in order to qualify for the Qualified Merchant Discount Rate.
- 9.2. Merchant shall not do any of the following with respect to any Transaction:
- 9.2.1. Establish a minimum or maximum dollar Transaction amount;
 - 9.2.2. Obtain multiple Authorizations for amounts less than the total sale amount;
 - 9.2.3. Obtain Authorization for purposes of setting aside Cardholder's credit line for use in future sales;
 - 9.2.4. Extend credit for or defer the time of payment of the total cash price in any Transaction;
 - 9.2.5. Honor a Card except in a Transaction where a total cash price is due and payable;
 - 9.2.6. Make any special charge to or extract any special agreement or security from any Cardholder in connection with any Transaction;
 - 9.2.7. Transmit or accept for payment any Transaction that was not originated directly between Merchant and a Cardholder for the sale or lease of goods or the performance of services of the type indicated in Merchant's application for card processing services initially submitted to and approved by TE;
 - 9.2.8. Honor or accept a Card as payment for any legal services or expenses arising out of or related to: (i) the defense of any crime other than a traffic violation; (ii) any domestic relations matter where such services or expenses are furnished to a person whose name is not embossed on a Card; or (iii) any bankruptcy, insolvency, compromise, composition or other process affecting Cardholder's creditors;
 - 9.2.9. Use Merchant's own Card, or one to which Merchant has access, to process a Transaction for the purpose of obtaining credit for Merchant's own benefit;
 - 9.2.10. Redeposit a previously charged Transaction, regardless of whether the Cardholder consents;
 - 9.2.11. Initiate a Transaction credit without a balance in the Operating Account equal to the credit;
 - 9.2.12. Use the Software or any data received thereon for any other purpose other than for determining whether or not Merchant should accept checks or Cards in connection with a current sale or lease of goods or services;

- 9.2.13. Use the Software or any data received thereon for credit inquiry purposes or any other purpose not authorized by this Agreement;
 - 9.2.14. Draw or convey any inference concerning a person's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living when any Card or check is processed as non-accepted;
 - 9.2.15. Disclose any information obtained through the Software to any person except for necessary disclosures to affected Cardholders, TE and/or the Issuer;
 - 9.2.16. Add any tax to Transactions unless applicable law expressly requires that Merchant be permitted to impose a tax. Any tax, if allowed, must be included in the Transaction amount and not collected separately;
 - 9.2.17. Disburse funds in the form of travelers checks, if the sole purpose is to allow the Cardholder to make a cash purchase of goods or services from Merchant;
 - 9.2.18. Disburse funds in the form of cash;
 - 9.2.19. Accept a Card to collect or refinance an existing debt;
 - 9.2.20. Issue a transaction credit for returned goods or services acquired in a cash transaction;
 - 9.2.21. Make any cash refund to a Cardholder who has made a purchase with a Card. All transaction credits will be issued to the same Card account number as the sale; or
 - 9.2.22. Accept a card for sales by third parties.
- 9.3. Prohibition of Furnishing Account Information: Merchant shall not, without the Cardholder's consent, sell, purchase, provide or exchange Card account number information in the form of Transaction documents, carbon copies of imprinted Transaction documents, mailing lists, tapes, journal rolls or other media obtained by reason of a Card to any third party.

10. RECONCILIATION OF TRANSACTIONS:

- 10.1. Electronically Transmitted Transactions: Transactions will be settled in accordance with Section "**Pricing Schedule**" of the Agreement. TE shall deliver payment to Merchant as soon thereafter as practicable by a credit to the Operating Account equal to the reconciled summary Transaction total of all of Merchant's total summary Transactions since the previous credit. This credit will be reduced, if necessary, by: (i) the sum of all Cardholder charges denied, refused or charged back; (ii) all refunds processed on account of Cardholders during said time period; (iii) the fees and charges, including Chargebacks, Merchant owes TE or ISO hereunder; (iv) all taxes, penalties, fines, charges and other items incurred by TE that are reimbursable pursuant to this Agreement; and (v) all rates, fees and charges described in Section "**Pricing Schedule**" of the Agreement.

- 10.2. Reconciliation of Transactions: Merchant shall reconcile each settled Transaction within fifteen (15) days after the date on which such Transaction is submitted to TE for payment, and shall notify TE and ISO immediately of any discrepancies or errors Merchant notes as a result of such reconciliation. Neither TE nor ISO shall have any responsibility or liability for Transaction-related errors or omissions that are brought to their attention more than thirty (30) days after the date on which the Transaction to which such error or omission relates is first presented to TE for settlement.
- 10.3. Provisional Credit: Any credits to the Operating Account are provisional only and subject to revocation by TE until such time that the Transaction is final and no longer subject to Chargeback by the Issuer, Cardholder or Associations. TE may withhold payment for a Transaction to Merchant, for any reason, for a period of time not to exceed 7 /seven/ Business Days from the processing date of a Transaction.

11. ADJUSTMENTS AND RETURNS:

- 11.1. Merchant will maintain a fair exchange and return policy and make adjustments with respect to goods and services sold and/or leased to its customers whenever appropriate. If goods are returned, or services are terminated or canceled, or any price is adjusted, Merchant will prepare and transmit a credit or return Transaction, either electronically or by paper, for the amount of the adjustment as a deduction from the total amount of Transactions transmitted that day. If the amount of credit or return Transactions exceeds the amount of sales Transactions, Merchant shall pay TE the excess.
- 11.2. Merchant shall make no cash refunds on Transactions and shall handle all credit adjustments as provided in this Section. If no refund or return will be given, Cardholder must be advised in writing that the sale is a "final sale" and "no returns" are permitted at the time of the Transaction. Cardholder also must be advised in writing of any policy of Merchant that provides for no-cash refunds and in-store credit only.
- 11.3. Merchant shall follow Card Association reservation/no-show policies. Merchant shall notify Cardholders in writing of this policy on all advance reservations. Merchant also shall notify Cardholders at the time of the reservation of the exact number of days required for reservation deposit refunds.
- 11.4. Retention of original transaction receipt: Merchant is responsible for safeguarding the originals of transaction receipts in an organised manner for 13 months from the date of the transaction receipt. Merchant is obligated for as long as 13 months from the date of a transaction receipt to present to TE, ISO/PSP (if applicable) the originals of individual transaction receipts if requested. The delivery shall be within five days from the date a request is made, irrespective of whether the reason for the request is disagreement or because the transaction receipts need to be registered because of failure in their electronic dispatch. If merchant neglects such a request or sends false transaction receipts TE is authorised to present a claim against merchant for the amount of the transaction.

12. CHARGEBACKS:

- 12.1. The acceptance by TE of any Transaction processed in accordance with the present GTC and the Agreement shall be without recourse to Merchant, except for: (i) Full Recourse Transactions; (ii) as otherwise indicated in this Agreement; and (iii) as follows:
 - 12.1.1. No specific prior Authorization for the Transaction was obtained from the Authorization Center, the approval number does not appear in the electronic transmittal that is maintained by TE, or the Transaction was submitted to TE or ISO thirty (30) days or more after the date on which the goods and/or services to which the Transaction relates were purchased or leased by the relevant Cardholder;
 - 12.1.2. The Transaction was based on a pre-authorization form and the Card on which the Authorization was based has been canceled and Merchant was so notified prior to the Transaction;
 - 12.1.3. The Card giving rise to the Transaction was canceled and prior to, or at the time of, the Transaction, Merchant received notice of the cancellation through the electronic terminal, in writing or otherwise;
 - 12.1.4. The Card expired prior to the date of the Transaction or the date of Transaction was prior to the validation date;
 - 12.1.5. The information required in **Section "Documenting Transactions" and in 9.1.2** above was not submitted to TE;
 - 12.1.6. TE or Issuer has received a complaint from or on behalf of a Cardholder stating that there is an unresolved dispute or defense to a charge (whether or not valid) between Merchant and Cardholder;
 - 12.1.7. The Cardholder makes a written complaint to TE or Issuer that the Cardholder did not make or authorize the Transaction;
 - 12.1.8. A setoff or counterclaim of any kind exists in favor of any Cardholder against Merchant that may be asserted in defense of an action to enforce payment against the Cardholder in a Transaction;
 - 12.1.9. The Transaction was made at or by a Merchant other than Merchant named in this Agreement;
 - 12.1.10. The Transaction otherwise violates the terms of this Agreement or any other Association or Issuer bylaw, rule, regulation, policy or guideline;
 - 12.1.11. A Transaction is charged back by an Issuer;
 - 12.1.12. Any representation or warranty made by Merchant in connection with the Transaction is false or inaccurate in any respect.

- 12.2. In any such case, TE shall not be obligated to accept a Transaction for credit to the Merchant Reserve Account. If TE has credited the Merchant Reserve Account for such a Transaction, TE may return the Transaction to the Merchant, and Merchant shall pay TE the amount of the Transaction. Merchant agrees that TE, without prior notice to Merchant, may (i) charge the amount of the Transaction to the Merchant Reserve Account; (ii) recoup the amount of the Transaction by adjustment of the credits due to Merchant; or (iii) set off the amount of the Transaction against any account or property TE holds for or on behalf of Merchant. If Merchant disagrees with TE's decision to charge back a Transaction, Merchant must so notify TE in writing within 10 days of the Chargeback, and provide documentation that the dispute has been resolved to Cardholder's satisfaction or proof that a credit has been issued.
- 12.3. Without limiting the generality of any other provision of this Agreement, if TE or ISO, take legal actions against Merchant for any Chargebacks or any amounts due to TE or ISO hereunder, Merchant shall pay the costs and attorneys' fees incurred by TE and/or ISO, whether suit is commenced or not.

13. MAINTENANCE OF CHARGEBACK RATES:

- 13.1. Merchant undertakes to use all reasonable efforts to maintain chargeback rates within the Card Schemes' limits as they may change from time to time. TE will inform merchant through ISO/PSP (if applicable) of such changes when they occur by e-mail.
- 13.2. Currently the chargeback rate of Visa shall stay below 1% and less than 100 chargeback transactions per month. If both parameters are broken, TE may impose fines on merchant. Fines will be charged as a sum amount, calculated in accordance with Visa rules and a fixed fee per chargeback.
- 13.3. Currently the chargeback rate of MasterCard shall stay below 1.5 % (calculated against sales transactions in the preceding month) and less than 100 chargeback transactions per calendar month. If both parameters are broken for two consecutive calendar months, TE may impose fines on merchant. Fines will be charged as a sum amount, calculated in accordance with MasterCard rules from the excessive chargeback ratio and a fixed fee per chargeback.
- 13.4. Merchant shall also immediately notify TE through ISO/PSP (if applicable) when it is foreseeable that chargeback transactions will be more than 1.5% and more than 100 transactions during a calendar month.
- 13.5. A reporting fee will be charged to merchant for each chargeback-monitored merchant (CMM) report and/or excessive chargeback merchant (ECM) report that TE needs to send to MasterCard on behalf of the merchant according to MasterCard rules.
- a. TE will use reasonable efforts to maintain efficient chargeback management services, both by supporting rational presentments and by giving advice on how to avoid chargeback.

14. **MERCHANT STATEMENT:** At least once per month, TE, or ISO under TE's direction, shall provide Merchant with a Merchant Statement. All information appearing on the Merchant Statement shall be deemed accurate and affirmed by Merchant unless Merchant objects by written notice specifying the particular item in dispute within 30 days of the date of the Merchant Statement.
15. **RETENTION OF ORIGINAL SALES INFORMATION:** Merchant shall retain the information required by **Section "Documenting Transactions" and by 9.1.2** for seven years from the date of the Transaction. At the request of TE, Merchant shall provide such information to TE or ISO, as directed by TE, within five (5) days of receipt of a request from TE. Failure to meet such time frame or non-delivery of any item or delivery of an illegible copy of an item requested by an Issuer shall constitute a waiver by Merchant of any claims and may result in an irrevocable Chargeback for the full amount of the Transaction.
16. **RECOVERY OF CARDS:** Merchant will use its best efforts to reasonably and peaceably recover and retain any Card for which Merchant receives notification of cancellation, restrictions, theft or counterfeiting. This notice may be given: (i) electronically through the terminal or Software; (ii) by the Authorization Center through any means; or (iii) by listing on any canceled Card or restricted Card list. Merchant shall also take reasonable steps to recover a Card that it has reasonable grounds to believe is counterfeit, fraudulent or stolen.
17. **CUSTOMER COMPLAINTS:**
 - 17.1. Merchant shall respond promptly to inquiries from Cardholders and shall resolve any disputes amicably.
 - 17.2. If unresolved disputes occur with a frequency unacceptable to TE, TE may terminate the Agreement. TE reserves the right to charge Merchant reasonable fees and reimbursement on account of excessive Cardholder inquiries, refunds or Chargebacks.
 - 17.3. Merchant agrees to maintain the following information in writing with respect to each claim or defense asserted by a Cardholder for which Merchant has received notice:
 - a. The Cardholder's name;
 - b. The Card account number;
 - c. The date and time the Cardholder asserted the claim or defense;
 - d. The nature of the claim or defense; and
 - e. The action that Merchant took in an attempt to resolve the dispute.
 - 17.4. Upon request, Merchant shall furnish TE with this information in writing within 10 days.

18. **CONFIDENTIALITY:** Merchant shall treat all information received in connection with this Agreement as confidential. Merchant shall prevent the disclosure of this information except if required so by this Agreement or by law, and not before TE and ISO are notified of the disclosure.

19. **CARD ASSOCIATIONS' AND ISSUERS' REQUIREMENTS:**

19.1. Merchant shall comply with all bylaws, rules, regulations, policies and guidelines of the Card Associations and any Issuer whose Cards are used to process Transactions in accordance with these GTC and the Agreement.

19.2. Merchant will display prominently at its place of business Card emblems and other promotional material and literature provided by TE directly or through ISO. Subject to the prior written consent of TE and upon such conditions as authorized by TE, Merchant may use Card service marks or design marks in its own advertisement and promotional materials.

20. **TAXES:**

20.1. Each party shall pay all taxes imposed on it and of all payments made hereunder taxes shall be withhold and deducted in strict accordance with applicable law, including withholding taxes at source unless receiving Party presents the paying Party a valid exemption from such withholding.

20.2. Furthermore, ISO and/or Merchant agree to indemnify and hold TE and/or ISO harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to Merchant and/or ISO.

20.3. If TE is required to pay any taxes, interests, fines or penalties owed by Merchant and/or ISO, said amount shall become immediately due and payable to TE or if ISO is required to pay any taxes, interests, fines or penalties owed by Merchant, said amount shall become immediately due and payable to ISO.

20.4. If excise, sale or use taxes are imposed on any payment due or paid to Merchant and/or ISO, ISO shall be responsible for the collection and payment thereof. TE shall be entitled to recover any of said taxes paid by it on behalf of Merchant and/or the ISO from Merchant and/or ISO immediately after payment.

21. **LIMITATION OF LIABILITY:**

21.1. In addition to all other limitations on the liability of TE and ISO contained in these GTC and in the Agreement, neither TE nor ISO shall be liable to Merchant or Merchant's customers or any other person for any of the following:

21.1.1. any loss or liability resulting from the denial of credit to any person or Merchant's retention of any card or any attempt to do so;

21.1.2. any loss caused by a transaction downgrade resulting from defective or faulty software regardless if owned by TE, ISO or Merchant;

- 21.1.3. the unavailability of services caused by the termination of contracts with computer hardware vendors, processors or installers, whether terminated by TE, ISO or any other person for any reason; or
 - 21.1.4. interruption or termination of any services caused by any reason except for failure of ISO to repair or replace software or to use due care in selecting computer hardware installers; and in such cases, any liability shall be solely that of ISO and the liability of ISO shall be limited to a waiver of terminal or software fees due under the present GTC.
 - 21.2. Neither TE nor ISO shall be liable for any lost profits, punitive, indirect, special or consequential damages to Merchant or to any third party in connection with or arising out of these GTC and the Agreement or any of the services to be performed by TE or ISO pursuant to the GTC and the Agreement.
 - 21.3. Merchant acknowledges that TE has provided no warranties, either expressed or implied, written or oral, including, but not limited to, any implied warranty of merchantability, non-infringement or fitness for a particular purpose, with respect to any software installed or provided by ISO and that TE has no liability with respect to any software.
 - 21.4. TE makes no representations or warranties, express or implied, regarding the services it provides hereunder. Should there be errors, omissions, interruptions or delays resulting from TE's or ISO's performance or failure to perform of any kind, TE's and ISO's liability shall be limited to correcting such errors if commercially reasonable or supplying such omissions in the work product in which they have occurred.
22. **LIMITATION ON DAMAGES:** In no case shall Merchant be entitled to recover damages from ISO or TE that exceed the fees retained by TE and ISO pursuant to these GTC and the Agreement during the one month period immediately prior to the event giving rise to the claim for damages.
23. **INDEMNIFICATION:** Merchant agrees to indemnify and hold TE and ISO harmless from any and all losses, claims, damages, liabilities and expenses, including attorneys' fees and costs (whether or not an attorney is an employee of TE or TE's affiliates, ISO or affiliates of ISO) arising out of any of the following:
- 23.1. Merchant's failure to comply with these GTC and the Agreement;
 - 23.2. Any act or omission of Merchant;
 - 23.3. Merchant's failure to comply with the Software User's Guide;
 - 23.4. Merchant's failure to comply with any bylaw, rule, regulation, guideline or policy of any Association or Issuer;
 - 23.5. Merchant's failure to comply with any applicable law, rule or regulation;
 - 23.6. Fees and fines levied against TE or ISO as the result of Merchant exceeding one or more Association thresholds or standards. If any such fee or fine is imposed on TE or ISO as a result of the activities of more than one merchant, such fee or fine will be assessed to merchant proportionately, as determined by TE.

- 23.7. Any dispute concerning the quality, condition or delivery of any merchandise or the quality of performance of any service;
- 23.8. The fraud or dishonesty of Merchant or Merchant's employees, licensees, successors, agents and/or assigns;
- 23.9. Merchant's selection of an Internet service provider or other telecommunication services provider;
- 23.10. The theft of or damage or destruction to any Software; or
- 23.11. Full Recourse Transactions, unauthorized Transactions and prohibited Transactions.

24. **CREDIT INVESTIGATION AND TRANSACT EUROPE AUDITING:**

- 24.1. TE may audit, from time to time, Merchant's compliance with the terms of these GTC and the Agreement. Merchant shall provide all information requested by TE to complete TE's audit.
- 24.2. Merchant authorizes parties contacted by TE to release the credit information requested by TE, and Merchant agrees to provide TE a separate authorization for release of credit information, if requested.
- 24.3. Merchant shall deliver to TE such information as TE may reasonably request from time to time, including without limitation, financial statements and information pertaining to Merchant's financial condition. Such information shall be true, complete and accurate.
- 24.4. Upon request by TE or ISO, Merchant shall provide to TE and ISO its balance sheet and income statements not less frequently than every three calendar months during the term of this Agreement.
- 24.5. Upon request by TE, Merchant shall provide to TE a certificate for lack of insolvency and/or liquidation procedure regarding Merchant Company. In case such procedure has started TE shall assume the reserve available amounts.

25. **AMENDMENTS TO THIS AGREEMENT.** From time to time TE may amend this Agreement as follows:

- a. Amendment to Cards and/or Services. TE may amend or delete Cards or Services listed in Section "**Cards, Services And Equipment/Software**" of the Agreement by notifying Merchant in writing of any amendment. All provisions of these GTC shall apply to Cards or Services added to the Agreement. TE shall notify Merchant of the fees to be for processing the additional Cards and Services. Acceptance by Merchant of a new approved Card as payment for a Transaction or use of a new Service after TE has sent Merchant notice of an amendment shall constitute Merchant's agreement to the amendment and the fees or charges related to these additions.

- b. Amendment to Fees and Charges. From time to time, TE may change all rates, fees and charges set forth in Section "**Pricing Schedule**" of the Agreement. TE will provide written notice to Merchant of all amendments. TE may change the rates, fees and charges without prior written notice for due cause, such as Merchant's sales volume or average Transaction amount not meeting Merchant's projections as contained in Merchant's application for card processing services. If notice is required, TE will give written notice on the Merchant Statement. All new rates, fees and charges will become effective for the month immediately following the month in which the notice appeared on the Merchant Statement unless Merchant terminates the Agreement in accordance with stipulated Termination of the Agreement.
 - c. Amendments to all other Provisions. TE may amend these GTC in any manner and such amendment shall become effective on the latter of: (i) the date on which the amendment is posted on the site; or (ii) a date specified by TE in the amendment; or (iii) a back date effective if the amendments are caused by requirements from the Card Schemes, authorities or by material security issues.
26. **WAIVER:** To the extent that Merchant becomes a debtor under any law regarding liquidation and/or bankruptcy, and such event does not result in the termination of these GTC and the Agreement, Merchant hereby unconditionally and absolutely waives any right or ability that Merchant may otherwise have had to oppose, defend against or otherwise challenge any motion filed by TE for relief from any automatic stay granted by law, to enforce any of TE's rights or claims under the Agreement.
27. **GENERAL:** In their dealings with one another, each party agrees to act reasonably and in good faith and to fully cooperate with each other in order to facilitate and accomplish the transactions contemplated hereby.