

1. SCOPE

These Common Conditions International Cards shall apply in their entirety to all the Service Conditions for International Cards.

2. ROLE OF THE ACQUIRER

2.1. The Acquirer shall execute the transactions presented by the Merchant to the Acquirer in accordance with the provisions of the Contract. The Merchant recognizes that the Acquirer has right to verify the Merchant's transactions, and to refuse to execute a transaction if there exist facts or objective indications that:

- the infrastructure of the Merchant (in particular his Payment Device) is not sufficiently secured; or
- the transaction relates to an unlawful or fraudulent sale, or a sale that does not comply with the rules of the Card Scheme.

To the extent commercially reasonable and permitted by law, the KB SmartPay will inform the Merchant as soon as possible about refused transactions.

2.2. The Merchant recognizes that the Acquirer is a mere intermediary in a chain of parties (including the Cardholder, the Card issuer, the Card Scheme, as well as various intervening technical service providers) whose involvement is necessary to transfer a transaction amount from the account of the Cardholder to the account of the Merchant.

2.3. The Merchant recognizes in particular that the extensive rules of the Card Scheme (e.g., regarding the possibility to dispute existing transactions) are also enforceable towards the Merchant, and that the Acquirer has no influence over these rules, which apply equally to all acquirers. The Acquirer in particular draws the Merchant's attention to the fact that dispute procedures can take a long time, and that it is often difficult to keep the Merchant duly informed about the status of these procedures.

2.4. The Merchant recognizes that, without prejudice to clause 6.12, the Acquirer:

- is not a party in the relationship between

the Merchant and the Cardholder;

- shall not take such relationship into account when processing transactions;
- cannot be forced by the Merchant to intervene in such relationship; and
- does not warrant in any way, and takes no responsibility for, the quality of the products / services delivered by the Merchant.

The Merchant shall indemnify the Acquirer for every claim submitted by a Cardholder or Card Scheme against the Acquirer and/or KB SmartPay that emanates from the relationship between the Merchant and the Cardholder.

3. PHYSICAL VERIFICATIONS

This clause 3 does not apply to Card Not Present transactions.

3.1. For every Card offered to him, the Merchant shall verify whether:

- the Card meets the specific requirements of the Card Scheme;
- when the Card has a chip, it does not show visible signs of damage (other than those related to the normal wear of the Card);
- the name of the Cardholder and the Card number, whether or not embossed, are printed on the Card;
- the Card has been signed by the Cardholder;
- the external features of the Card Offeror correspond with the data as mentioned on the Card, for example with the picture that may be present on the Card;
- the Card has not expired (by way of example: the expiry date of the Card, whether or not embossed, is printed on Visa, Visa Electron, V PAY and MasterCard Cards; with respect to Maestro, the validity date may be printed on the Card, but only on the Sales Voucher it is mentioned for sure);
- the Card does not show any visible signs of imitation or forgery; in this respect, the following (non-exhaustive list of) elements are to be verified:
- the presence of the official logo of Visa, Visa Electron, V PAY, MasterCard and Maestro;

- the UV-reaction for Visa and MasterCard.

When the Card does not meet the above requirements, the Merchant shall contact the CODE10-line and follow the operator's instructions.

3.2. Upon the Acquirer's request, in case of any irregularity, in case the Card shows signs of forgery, or in case it is clear, probable or possible that the Card Offeror is not the legitimate Cardholder, the Merchant shall contact the CODE10-line or, if possible, withdraw the Card offered to him and return the Card to the Acquirer, after having cut the Card in two. This withdrawal will be realized without causing any avoidable damage to persons or goods. The Merchant shall safeguard the Acquirer and/or KB SmartPay against any complaint or claim that may arise from such withdrawal.

3.3. When the Cardholder offers the Merchant a Card containing a chip, the Merchant shall insert the Card into the chip reader or place the Card in the proximity of the contactless reader connected to the terminal and follow the instructions that are displayed on the Payment Device. If the chip is damaged, the Payment Device may ask to read the magnetic stripe on the Card by way of fallback payment method. The Payment Device may also notify the Cardholder of the fact that the chip of his Card is damaged and will invite him in this respect to contact the issuer of his Card. The Merchant accepts that the risk of being confronted with disputes (chargebacks) initiated by Card holders is significantly higher for such fallback.

4. USE OF THE PAYMENT DEVICE

This clause 4 does not apply to Card Not Present transactions.

The operating standards and security parameters of the Payment Device are determined and entered by the Acquirer. Neither the Merchant nor any third party acting on behalf of another principal than the Acquirer can perform any modifications to these operating standards and security parameters.

5. AUTHORIZATION CODE

Irrespective of the actual transaction amount, the Merchant shall always obtain an Authorization Code through the Payment Device. The Merchant shall never split up a transaction into several Sales Vouchers, so as to circumvent the authorization request. In case of failure of the Payment Device, the Merchant shall contact the Acquirer's Code 10 line and the supplier of the Payment Device for technical support.

If no solution that is recognized and approved by the Acquirer is found for the problem, the Merchant shall not accept the Card.

6. SETTLEMENT, PAYOUT AND DISPUTES OF TRANSACTIONS

6.1. The Acquirer has the exclusive right to receive payments from the Cardholder for the transactions processed by the Acquirer. The Merchant shall not take any action for collection of the payments processed by the Acquirer from the Cardholder without the Acquirer's explicit written consent. If such consent is given, the Merchant shall notify the Acquirer of the receipt of any payments with respect to the transaction.

6.2. The Merchant shall only accept Card payments for the activities mentioned on the Order Form, and shall only accept transactions for his own account.

6.3. The Acquirer shall register the total amount of all processed transactions, minus the commission fees set forth on the Order Form.

6.4. If Merchant does not strictly comply with the obligations set forth in the Contract, or if the Acquirer identifies anomalies in the transactions or in the Merchant's conduct, then the Acquirer shall have the right to:

- in deviation of clause 6.3, not credit the Internal Account either until the payment of the Cardholder is effectively received, or until the dispute is resolved; and
- block the Internal Account until the investigation of the anomalies has been finished.

6.5. The Acquirer shall have the right to block the Internal Account when the Merchant has not submitted his annual

accounts on time, and refuses to provide certified bank statements.

6.6. The Merchant explicitly accepts the dispute (charge back) resolution procedures imposed by the Card Schemes. Any dispute received by the Acquirer shall qualify as a proof of dispute of the transaction by the Cardholder or Card issuer, and the Acquirer shall debit the Internal Account for the total amount disputed. All internal data, IT logs, screen shots, etc. of the Acquirer are enforceable vis-à-vis the Merchant.

6.7. The Acquirer shall transfer the transaction amount, minus the commission fees, on the bank account for which the number was specified by the Merchant. The Acquirer shall use reasonable efforts to perform this transfer at the latest on "D+4", where "D" is defined as the day on which the transaction amount is received by the Acquirer, and "4" is the day on which the Acquirer issues the payment instruction to the Merchant's bank.

6.8. If the number of transactions disputed per membership number each month by Cardholders exceeds 1% of the total number of transactions performed during said month, then KB SmartPay or the Acquirer shall notify the Merchant, and have the right to either suspend the Contract or terminate in accordance with the Termination Modalities.

6.9. In case of objective doubt regarding the solvency or liquidity position of the Merchant (including his possibility to comply with possible refunds), or in case the Merchant faces a bankruptcy or similar situation, then the Acquirer shall have the right - in deviation of clause 6.7 - to postpone the transfer of transaction amounts and suspend the service delivery until the moment that: (i) it has become certain that the Cardholders will no longer submit any disputes, and it has simultaneously become reasonably certain that no other claims from the Acquirer against the Merchant exist or will arise; (ii) the Merchant provides financial collateral (e.g., a bank guarantee) that can provide similar confidence to the Acquirer.

6.10. After having provided notice of default, the Acquirer shall have the right to deduct from the Merchant's transaction amounts all overdue amounts owed by the Merchant to KB SmartPay or the Acquirer. KB SmartPay and the Acquirer shall also have the right to charge reasonable costs associated with this deduction.

6.11. No interests shall be due by KB SmartPay or the Acquirer in the situations mentioned above, where the payment or internal registration of transaction amounts would be delayed.

6.12. The Acquirer has the right to debit the Internal Account of the Merchant in case of fraud, fraudulent use, administrative errors (e.g., erroneous accounting actions such as undue payments or double payments), disputes initiated by Card holders or Card issues, and non-compliance with the Contract. Without prejudice to the generality of the foregoing sentence, this will in particular apply:

a) in all of the following cases:

- if no Authorization Code was obtained in accordance with clause 5, or when the previously obtained Authorization Code for a transaction is expired at the moment the amount is offered for effective payment (note: depending on the transaction and Card type, the Authorization Code is typically valid between seven and thirty days);
- if the Cardholder disputes the sale, delivery of goods or execution of the services, or if the Cardholder disputes the conformity/quality of the delivered goods or services;
- if the transaction amount was not known and the moment the transaction was performed;
- if the services were refused, or the products were returned or sent back;
- if the sale of goods or the execution of services to which the transaction relates, breaches any laws, regulations or other rules in force and/or are contrary to public order or morality;
- if the Floor Limit was exceeded without prior authorization;
- if the membership number(s) initialized in the Payment Devices do not match the number(s) assigned by the Acquirer;
- if, in case of a cancellation of the transaction, the Merchant has reimbursed the transaction amount to the Card Offeror in a manner that does not comply with the Contract;
- if the Merchant has facilitated fraud.

b) in all of the following cases, except Card Not Present transactions:

- if the Merchant has not complied with the processing method (i.e., reading the chip when present / reading the magnetic stripe as fallback) and transaction validation method (Secret Code /

signature) defined by the Card and the Payment Device;

- if the Card verifications set forth in clauses 3 and 4 were not fully complied with;
- if the Card and Cardholder were not physically present at the transaction;
- if the name of the Cardholder and/or the Card number indicated on the Sales Voucher or transaction ticket do not match the name and/or number on the Card;
- if the Merchant did not comply with his obligation to store Sales Vouchers and Credit Vouchers;
- if the Card was not signed.

c) in all of the following cases where the transaction is validated with a signature:

- if the Sales Voucher was not (properly) signed;
- if the transaction amount was not indicated on the Sales Voucher at the moment the Cardholder signed the Sales Voucher.

6.13. If the Internal Account shows a balance to the benefit of the Acquirer, he will be obliged to reimburse this amount immediately, upon KB SmartPay's or the Acquirer's first request. A debit interest shall automatically be charged on this balance amounting to 10% per annum. If KB SmartPay or the Acquirer request the Merchant to pay a certain amount, and the latter does not immediately pay the amount after the first reminder that is sent to him by registered letter, KB SmartPay and the Acquirer reserve the right to automatically charge the Merchant a lumpsum compensation of 15% of the outstanding balance, with a minimum of 270 CZK, on account of administration costs. In this case, the Acquirer and KB SmartPay shall also be entitled to immediately terminate the Contract.

7. DISCUSSIONS BY THE MERCHANT

Within an expiry period of fortyfive days after the transaction date, the Merchant can notify non-payments and incorrect payments. After this term (but without prejudice to clause 6) the Merchant irrevocably accepts the balance of his Internal Account. If the Acquirer has proceeded to debit the Merchant's account in application of clause 6, then the Merchant dis-

poses of a term of thirty days to dispute the debit by means of a substantiated letter, sent by registered mail. Once this expiry period has lapsed, the Merchant is deemed to have irrevocably accepted the balance of his account.

8. RESPONSIBILITY OF EACH PARTY

8.1. The Acquirer will keep pace with the evolutions imposed by international payment bodies concerning acceptance systems and acceptance networks.

8.2. The Merchant is not allowed to execute transactions with one of his own Cards in one of his own Payment Devices.

8.3. The Merchant shall not use Payment Devices that are not certified by Acquirers, or cannot process transactions with chip-based Cards.

8.4. The Merchant bears the full risk of his negligence and willful intent, and is responsible for any abuse and fraud, including any fines and costs imposed on the Acquirers, which his appointees or others commit when accepting Cards.

8.5. The Merchant shall strictly refrain from any form of "load balancing" (i.e., distributing transactions between or over different membership numbers of the Acquirer and/or other acquirers).

8.6. The Acquirer is not responsible for the consequences of any improper or fraudulent use of the Payment Device. As soon as the Merchant identifies a violation of the security mechanisms or suspects being confronted with fraud (attempts) or fraudulent Cardholders (e.g., because of the amount, number, nature / origin of the transactions, differences in the Cardholder's address, etc.), he shall immediately inform KB SmartPay helpdesk or the CODE10-line, to limit additional damage.

8.7. The Merchant and his co-contractors, for whom the Merchant vouches, must protect the transaction data against any form of interception during its transport, as well as during its storage (to the extent allowed by the PCI/DSS rules). The Merchant acknowledges that he is aware of, and accepts, the PCI/DSS standards. The Merchant shall be liable for all fraud due to non-compliance with these standards, including fines imposed by the Card Schemes.

8.8. The Merchant shall be liable for all fines and costs imposed by the Card

Schemes on the Acquirer, and shall compensate all costs caused by the abuse of intercepted data and Card forgery, if one of the Merchant's points of sale qualifies as a Common Purchase Point.

If the Acquirer has a solid ground (e.g. on the basis of the Merchant's identification by means of a fraud detection system) to identify the Merchant as a Common Purchase Point, then the Acquirer shall:

- be entitled to immediately block the Merchant's Internal Accounts until they hold an amount which is at least equal to the provision mentioned below, whereby the ensuing payment delay will not give any right to interests or any other compensation;
- be authorized to use the amounts in the Merchant's Internal Accounts to build a provision for any fraud, fines and other costs related to the incident. This provision will be estimated on the basis of factors such as the number of Cards involved and the rates / fines determined by the Card Schemes. When closing the incident, the Acquirer will transfer the balance to the Merchant via his Internal Account. If the provision or amounts in the Internal Accounts are insufficient, then the Acquirer has the right to collect the balance from the Merchant.

8.9. If solid grounds exist to suspect that the Merchant acted as a Common Purchase Point, or committed any other breach of the PCI/DSS rules, then the Merchant shall - at the Acquirer's first request, within 48 hours after notification by the Acquirer - appoint a recognized PCI forensic auditor at the Merchant's cost, to perform a forensic audit with respect to the incident.

The Merchant shall ensure that the Acquirer is allowed to peruse all the reports issued by the forensic auditor concerning the incident. If the Merchant does not comply with the period for the appointment of a forensic auditor, the Acquirer shall be entitled to appoint a forensic auditor itself, at the Merchant's cost. The costs of the forensic auditor shall then also be included in the provision, and charged to the Merchant.

The Merchant shall refrain from investigating its own systems, inter alia to prevent that data would be altered or forensic traces would get lost or contaminated.

8.10. If the Merchant did not comply with

the PCI/DSS rules in force, or committed any other error in relation to the incident, then he shall be liable for all costs, Card Scheme fines, audit fees, and fraudulent transactions performed with forged card or intercepted data.

8.11. If the Merchant offers his customers the possibility of paying a tip, using his Payment Device, by adding the amount of a tip on the proof of purchase in addition to the transaction amount, shall itself bear the risk thereof. In case of any dispute by the Cardholder, his Internal Account will be debited with the amount of the tip.

9. DEFINITIONS

- **Acquiris:** organization that acts as a service provider for the management bodies of payment cards that acquire transactions with payment terminals. Accordingly, Acquiris implements two different functions: regulating the distribution of the specifications towards payment terminal sellers, and regulating the certification procedure of payment terminals.
- **Authorization Code:** code that indicates that the Card issuer allows the Card to be accepted, under the condition that the Merchant simultaneously performs all Card acceptance verifications. This code merely implies that the Card issuer does not oppose against the use of the Card at that very moment, that the Usage Limit is not exceeded, and that the Card has not expired. Obtaining an Authorization Code does not

necessarily imply that the person who offers the Card is also the lawful owner, that the Card was not counterfeited, or (in case of Card Not Present transactions) that the name and/or the address of the Cardholder is correct. Also, obtaining an Authorization Code does not imply any payment guarantee, or any certainty for not getting involved in any dispute (charge back) about the transaction.

- **Cardholder:** the person whose name is printed on the Card, and whose signature matches the signature in the foreseen space on the Card (except for prepaid cards).
- **Card Offeror:** the person offering a Card to the Merchant for use with a certain transaction. As described in clauses 3-5, the Merchant is required to verify whether the Card Offeror is indeed the rightful owner (i.e., the Cardholder) of the Card.
- **Card Not Present:** means a situation where the Card is not physically present at the moment the transaction is done, so that the Card is not physically read by the Payment Device. Such situations typically consist of procedures where orders are accepted at a distance (online, by post, telephone or fax) and orders of a repetitive character nature (e.g., periodical payments in a subscription).
- **CODE 10 Line: to verify additional information on a suspicious transaction, contact KB SmartPay helpdesk** the phone number +420 228 883 241.

- **Common Purchase Point:** means that a point of sale of the Merchant is identified as the place which, prior to the forgery or interception, served for authentic transactions, authentic transaction attempts, or where the card number was stored.
- **Floor Limit:** the maximum amount that can be accepted by a Merchant without having obtained an Authorization Code.
- **Internal Account:** an internal account on the Merchant's name that is kept by the Acquirer which is used for the execution of transactions. All Internal Accounts of the Merchant are deemed to be part of a single account, and the Acquirer can compensate between these accounts at any moment.
- **PCI/DSS** (Payment Card Industry Data Security Standards): an international standard supported by the most important credit card companies, such as Visa and MasterCard International, which intends to avoid the abuse of credit card data. See <https://www.pcisecuritystandards.org>.
- **Secret Code / PIN Code:** code to be submitted by the Cardholder to validate a transaction, when requested by a Payment Device.
- **Usage Limit:** aggregate maximum amount that a Cardholder can spend with his Card.
- The terms **"Sales Voucher"** and **"Payment Device"** are defined in the Service Conditions International Cards, which encompass these Common Conditions.