Revised Standards for Merchants Utilizing a Subscription/Recurring Payments Model or Negative Option Billing Model

Mastercard is revising the Standards announced in the article AN 6977 Revised Standards for Merchants Utilizing a Subscription/Recurring Payments Model or Negative Option Billing Model.

Overview of revised Standards

Customers should review the revisions to the publications in this document and make appropriate plans to support the revised Standards.

Effective date	Changes to Standards in...	Will be published in...
11 October 2022	*Transaction Processing Rules*	Chapter 5 Card-Not-Present Transactions

Mastercard will incorporate the revised Standards into a future edition of the manual. The manual is available on Mastercard Connect™ via the Technical Resource Center.

Revised Standards for *Transaction Processing Rules*

Mastercard will revise the *Transaction Processing Rules* to include these Standards. Additions to the Standards are underlined. Deletions are indicated with a ~~strikethrough~~.

Chapter 5 Card-Not-Present Transactions

5.4 Recurring Payment Transactions

5.4.1 Subscription Billing Merchants

The following Standards apply to recurring payment Transactions initiated by a Merchant performing subscription billing in which the Cardholder has agreed for

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the Merchant to provide ongoing and/or periodic delivery of a service, membership, physical products or Digital Goods. These requirements do not apply to payments for utilities (i.e., gas, electric, sanitation, heating oil, water), telecommunications, insurance policies, or existing debt (for example, vehicle loan or mortgage payments).

Not-for-profit/charity Merchants: All of the following Standards are only best practice recommendations for any not-for-profit/charity Merchant that utilizes a recurring payment plan. However, all five Standards (including, for the avoidance of doubt, item three) become requirements when a not-for-profit/charity Merchant that utilizes a recurring payment plan is identified for four months or more in the Acquirer Chargeback Monitoring Program (ACMP) as an Excessive Chargeback Merchant (ECM), a High Excessive Chargeback Merchant (HECM) and/or an Excessive Fraud Merchant (EFM) within the same audit period (refer to Chapter 8 Acquirer Chargeback Monitoring Program of the *Data Integrity Monitoring Program* for more information). The Acquirer of a Merchant that has been identified in ACMP for four months or more and has not implemented these requirements may be subject to Category A assessments for each month of noncompliance, in addition to the assessments applicable under the Acquirer Chargeback Monitoring Program.

1. The Merchant must disclose the subscription terms simultaneously with a request for Card credentials. The disclosure must include the price that will be billed and the frequency of the billing (for example, "You will be billed USD 9.95 per month until you cancel the subscription). Merchants that utilize a negative option billing model must also disclose the terms of the trial, including any initial charges, the length of the trial period, and the price and frequency of the subsequent subscription (for example, You will be billed USD 2.99 today for a 30-day trial. Once the trial ends, you will be billed USD 19.99 each month thereafter until you cancel.").

   An e-commerce Merchant must:

   a. Clearly and prominently display the subscription terms on any payment and order summary webpages; and

   b. Capture a Cardholder's affirmative acceptance of the subscription terms before completing the subscription order.

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Providing a link to another webpage or requiring the Cardholder to expand a message box or scroll down the webpage to view the subscription terms does not satisfy this requirement.

2. Immediately after the Cardholder completes the subscription order, the Merchant must promptly send a subscription order confirmation to the Cardholder through an e-mail message or other electronic communication method that includes the subscription terms ~~and clear instructions on how to cancel the subscription~~. The confirmation message must include or provide access to instructions for account management capabilities, including instructions for canceling the subscription (and thereby withdrawing permission for any subsequent recurring payment).

3. Each time that the Merchant receives an approved authorization request, it is recommended that the Merchant ~~must~~ provide the Cardholder with a Transaction receipt through an e-mail message or other electronic communication method that includes the amount and reason for the billing and includes or provides access to instructions for account management capabilities, including instructions for canceling the subscription (and thereby withdrawing permission for any subsequent recurring payment Transactions). Cardholders may choose to opt-out of receiving these notices.

   This Standard becomes a requirement when a Merchant that utilizes a recurring payment plan is identified for four months or more in the Acquirer Chargeback Monitoring Program (ACMP) as an Excessive Chargeback Merchant (ECM), a High Excessive Chargeback Merchant (HECM) and/or an Excessive Fraud Merchant (EFM) within the same audit period (refer to Chapter 8 Acquirer Chargeback Monitoring Program of the *Data Integrity Monitoring Program* for more information). The Acquirer of a Merchant that has been identified in ACMP for four months or more and has not implemented these requirements may be subject to Category A assessments for each month of noncompliance, in addition to the assessments applicable under the Acquirer Chargeback Monitoring Program.

4. The Merchant must provide an online or electronic cancellation method (similar to unsubscribing from email messages or any other electronic method) or clear instructions on how to cancel that are easily accessible online (such as a "Manage Subscription" or "Cancel Subscription" link on the merchant's home page).

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5. For any subscription where the billing frequency is every six months (180 days) or less (i.e., billing occurs every six months, every year, every other year, etc.), the Merchant must send an electronic reminder to the Cardholder at least seven days but no more than 30 days prior to the next billing date that includes the subscription terms and ~~clear instructions on how to cancel the subscription~~ includes or provides access to instructions for account management capabilities, including instructions for canceling the subscription (and thereby withdrawing permission for any subsequent recurring payment). The communication must clearly reference in the subject line that it relates to upcoming charges to the Cardholder (for example, "Important Information About Upcoming Charges to Your Account") and the message must be distinct from marketing communications that are otherwise sent to the Cardholder.

Refer to section 2.1.4 of the *Mastercard Rules* for information about Category A noncompliance assessments.

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