



Card Processing Guide

UnionPay Addendum And
Operating Instructions



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UnionPay Addendum

This Addendum (the "UnionPay Addendum") to the Card Processing Agreement (the "Agreement") is between Merchant ("you" or "Merchant") and GPUK LLP trading as Global Payments ("GP").

By signing the *Service Schedule* providing for acceptance of UnionPay transactions and/or submitting a UnionPay transaction to GP, you will be deemed to have accepted the terms of this UnionPay Addendum and all documents incorporated herein.

You acknowledge and agree that HSBC Bank plc ("Member") has no rights or obligations under the terms of this UnionPay Addendum or with respect to UnionPay transactions, and that the terms set forth herein shall have no effect on Member's rights and obligations set forth in the Agreement.

You will abide by the terms set forth in the *UnionPay Addendum And Operating Instructions*, as may be amended from time to time, which are incorporated herein.

For your own benefit and protection you should read this document carefully before signing the *Service Schedule* and/or accepting your first UnionPay transaction, as it forms part of your Agreement upon which we intend to rely. If you do not understand any point, please ask for further information. See page 13 for our contact details.

UnionPay International

Founded in March 2002, UnionPay is an international bank card network with its origins in the People's Republic of China. In November 2012 UnionPay International (UPI) was launched to build existing and future UnionPay card issuance and acceptance outside mainland China.

Specific Card Types Requiring Our Prior Agreement

We confirm that in addition to the card types that you are currently authorised to accept for processing by us, you are authorised to offer cardholders, holding cards issued by UnionPay, the choice to pay for their purchases with UnionPay credit and debit cards.

You should still follow the procedures in the Agreement except to the extent that this *UnionPay Addendum And Operating Instructions* is inconsistent with or in addition to the Agreement, in which case the procedures in this document will override.

UnionPay Transaction Types

You are authorised to accept UnionPay cards for the following Card Present transactions only:

- sale transactions
- refunds
- reversals
- pre-authorisations (only available for customers operating within the hotel/hire business sector).

You are **not** authorised to accept UnionPay cards for any Cardholder Not Present (CNP)

transactions, including internet transactions, mail order/telephone order (MOTO) transactions or recurring transactions.

UnionPay Acceptance Requirements

You must comply with the following requirements:

- honour all UnionPay cards
- the UnionPay decals, provided by GP, are prominently displayed at all point of sale terminals, and on promotional materials, to inform UnionPay cardholders that UnionPay cards are honoured
- do **not** require, or post signs indicating a minimum or maximum transaction amount to accept a UnionPay card
- do **not** charge any additional fee for using UnionPay cards
- obtain online authorisation from UnionPay issuers for each transaction
- do **not** perform manual key entry for any UnionPay card transaction
- all transactions are accepted and processed in accordance with this guide
- all UnionPay debit card transactions are PIN-based transactions, while some UnionPay credit card transactions are also PIN-based transactions
- all UnionPay card transactions including PIN-based transactions shall be verified by the cardholder's signature; please check if the signature on the sale slip is consistent with that on the signature panel of the card
- in the event that the cardholder has a transactional query, please advise the cardholder to contact their card issuer directly.

Equipment Required For UnionPay Card Acceptance

UnionPay cards can only be accepted on approved point of sale terminals, which can be supplied by GP, or from a GP approved UnionPay point of sale solution provider, with whom you will have to enter into a separate agreement.

Where you offer the cardholder the choice of paying with their UnionPay card it is important that sufficient training has been given to your staff for UnionPay card payment acceptance. The terminal supplier will provide a guide to accompany the terminal for training purposes.

Charges, Payment And Crediting Timescales

For each UnionPay sale transaction submitted to GP, you will be charged a Service Charge as detailed on your *Service Schedule*, or anymore recent communication from us. The charge will be calculated as a percentage of the transaction value.

UnionPay transactions will be credited to your nominated bank account via Net Settlement (Service Charges are deducted from the transaction value before being settled to your account).

Crediting Timescales under the Agreement will vary for UnionPay transactions as outlined below:

Card Type	Crediting Timescales
UnionPay	4 days*

**Timescales exclude UK and Chinese Public Holidays*

Term Of The UnionPay Agreement And Ending The UnionPay Agreement

The term of the UnionPay Addendum shall run concurrently with the term of your Agreement.

If you cancel your Agreement with GP your UnionPay acceptance will automatically be terminated.

Termination of this UnionPay Addendum alone shall have no effect on the Agreement.

Should you wish to exit your agreement to accept UnionPay card payments you must give thirty (30) days' written notice of termination.

GP is entitled to terminate your acceptance of UnionPay cards on two (2) months notice at any time, and pending termination, suspend the provision of this service to you with immediate effect by notice to you if:

- you fail to comply with GP's requirements
- you commit fraudulent activity
- you refuse to accept UnionPay cards repeatedly and without reason
- you receive repeated complaints from other UnionPay members or partners and fail to resolve such issues properly
- you delay the response to a chargeback request for fulfilment and retrieval deliberately and without proper reason
- we see an increase in risk as a direct relation to your other business activities
- we terminate your Card Processing Agreement with GP.

Where we have terminated your UnionPay acceptance, we will inform UnionPay in writing that we have terminated our agreement with you to process UnionPay transactions. UnionPay will then add you to their "Negative File" a list of all merchants who are suspended from UnionPay card payment acceptance. Any merchant who is placed on the Negative File will not be allowed to enter into a new UnionPay agreement for two (2) years after termination. Should you enter into a new UnionPay agreement within this time period a warning will be issued by UnionPay to your new acquirer and UnionPay will be entitled to terminate the processing of any transactions that you submit during this two (2) year suspension period. By signing the *Service Schedule* and/or accepting your first UnionPay transaction you confirm that you have not had UnionPay card acceptance terminated by any acquirer within the last two (2) years.

Where only the UnionPay acceptance has been terminated, the functionality for this typically will be removed from the terminal. If you are renting a GP terminal solely for UnionPay acceptance you must promptly return this to us. Failure to do so will result in a charge for that equipment.

UnionPay Operating Instructions

An Introduction To UnionPay Card Processing

Founded in March 2002, UnionPay is an international bank card network with its origins in the People's Republic of China. In November 2012 UnionPay International (UPI) was launched to build existing and future UnionPay card issuance and acceptance outside mainland China. Today the card is issued in 32 countries and regions worldwide and accepted in 140, and UnionPay cards are firmly established as the card brand that Chinese and Asian Pacific cardholders choose to use abroad.

There are circa 3.6 billion UnionPay credit and debit cards issued worldwide by more than 250 international and Chinese domestic member banks that follow UnionPay's operating and technological standards. UnionPay cards follow the international BIN code, and the UnionPay logo always appears on the card.

Almost every single Chinese citizen in China including many Hong Kong and Macau residents, as well as cardholders across the Asia Pacific, has at least one UnionPay card, which consist of both UnionPay debit cards and credit cards. Cardholders benefit from high transaction spend limits and low foreign exchange costs. Card users in the UK will mostly be Chinese tourists, overseas students from China, and business people.

If you require more information about UnionPay, this can be found at www.unionpay.com.

What Does This Guide Tell You?

This *UnionPay Addendum And Operating Instructions* provides specific guidance on how to accept UnionPay cards and the terms and conditions surrounding their acceptance.

It also provides information on:

- how the transactions you will take will be credited to your bank account
- how you will be charged for this service
- other operational instructions.

You still need to refer to your copy of the *Terms of Service* and *Merchant Operating Instructions* for general terms and procedures that apply to any Card Present transaction and for information on the following topics that apply regardless of the card type:

- Data Security
- Chargebacks
- How to Reduce Fraud.

Checking UnionPay Cards

UnionPay cards can only be accepted as a Card Present (CP) transaction. This means any transaction where the card and cardholder are physically present with you at the time of the transaction and where you can evidence the presence of the card tendered, by a card swipe through an electronic terminal in the case of UnionPay cards.

As UnionPay cards are magnetic stripe cards and not chip cards, the cardholder is verified by

their signature. The cardholder must sign the transaction receipt at the point of sale to evidence their presence, and in most cases the card operates an online 6 digit PIN as well.

Note: both the cardholder's PIN and signature are always required for every transaction.

As you will be handling the UnionPay card to 'swipe' it through the terminal, you will be required to undertake the physical and visual validation checks detailed in the section below.

How To Perform UnionPay Card Validation Checks

There are several different designs of UnionPay credit and debit cards. Please see the following section for some examples of the different card types. The validation checks listed below apply to the majority of UnionPay cards. Failure to follow these checks may result in you being subject to a chargeback:

1. Card Number

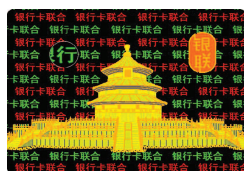
- The cardholder account number always begins with a 6 for standard UnionPay debit and credit cards. For dual branded MasterCards the account number may begin with a 5 and for dual branded Visa cards the number may begin with a 4
- on all UnionPay credit cards and some debit cards, the first four digits of the card number are printed below the beginning of the embossed card number – make sure they match the first four digits of the embossed number
- the last four digits of the card number on the front of the card must match the last four digits of the card number printed on the terminal receipt
- the last four digits of the card number on the front of the card must match the number on the reverse on the signature strip. The number will be present on all credit cards and some debit cards
- for embossed cards, check the numbers. If the area around these is distorted, the original numbers may have been flattened and fake numbers added.

2. Expiry Dates/Valid From

- The card should be carefully examined for the effective validity date. You must not accept cards presented before their 'valid from' date (where shown) or after their expiry date. The terminal will perform certain checks on the card, but we cannot be held liable if the terminal accepts a pre-valid or expired card.

3. Hologram

- Check that it has not been tampered with. The hologram should be smooth to the touch, should not have a rough or scratched surface and the 3D image should move when tilted. Counterfeit cards often feature poor hologram reproductions
- the hologram can be on the front or back of the card
- for UnionPay credit and debit cards, the hologram contains a 3D image of the Temple of Heaven on a background of two-coloured wording that says 'bankcard interoperability' in Chinese arranged in rows. A magnifier is on the top left and a stamp of 'UnionPay' in Chinese characters is on the top right. See following image:



- for dual branded MasterCards the hologram is of the world
- for dual branded Visa cards the hologram is a dove, which appears to fly.

4. Signature Strip

- The signature should be written clearly and be smooth to the touch. Be suspicious if the card is not signed, if the signature appears to have been erased, if the card appears to have been re-signed, or if the signature is written in block capitals or felt pen
- check that the signature agrees with the name on the front of the card
- check that the signature strip has not been tampered with or that the word 'void' is not visible
- check that the signature on the card matches the one on the terminal receipt
- if you are presented with an unsigned card, advise the cardholder that you cannot proceed with the transaction.

5. Magnetic Stripe

- Ensure that the card has a magnetic stripe on the back. UnionPay cards contain a standard magnetic stripe. Be suspicious of a counterfeit if the magnetic stripe feels unusually rough or scratched.

6. Photographs

- Some UnionPay credit and debit cards have a photograph of the cardholder on the reverse. If you are presented with a card that has this feature, check the photograph on the card matches with the person presenting the card for payment. Be suspicious if there is no resemblance.

7. Card Logos

- UnionPay card logos can appear on the front or reverse of the card. They should be clearly reproduced with sharp colours. Be suspicious of a counterfeit if the logo is ragged around the edges or poorly reproduced.



New UnionPay Logo: effective from October 2005



Old UnionPay Logo

Note: the UnionPay logo on UnionPay cards can be the new or old logo.

Examples Of UnionPay Card Types

Debit Card Sample

- UnionPay logo (new)
- card number: 13 to 19 digit length; maybe embossed
- cardholder name: maybe embossed.



Notes: There are some UnionPay debit cards:

- with the old UnionPay logo on front of the card
- with the UnionPay logo on the back of the card
- with the card number starting with 3,4,5 or 9
- without the UnionPay hologram on the front of the card
- without the expiry date or cardholder name on the front of the card.

Credit Card Sample

- UnionPay logo (new)
- UnionPay hologram
- card number: 16-digit length; starting with 62; embossed
- expiry date: MM/YY format; embossed
- cardholder name: embossed.



Notes: There are some credit cards:

- with the old UnionPay logo on the front of the card
- which are dual-branded, with the UnionPay logo on the upper right of the front of the card and the logo of other card scheme on the lower right of the front of the card
- with the card number starting with a 3,4,5 or 9.

Dual Branded MasterCard Credit Card Sample



Dual Branded Visa Credit Card Sample



Accepting UnionPay Cards

You can accept UnionPay cards by using a terminal supplied by us. Before you begin using the terminal read the *UnionPay User Guide Addendum* for instructions on how to complete UnionPay transactions on the terminal.

The transaction types that are supported by our terminals for UnionPay acceptance are as follows:

- sales/purchases
- refunds
- reversals
- pre-authorisations (only available for customers operating within the hotel/hire business sector).

Note:

- manual voucher processing is not available for UnionPay transactions, all transactions must be processed through the terminal provided
- UnionPay card details cannot be key-entered into the terminal to process a transaction
- never spread the value of sales/purchases over more than one card, or split the sale into smaller amounts
- for high value transactions of £5,000 and over, we recommend you ask for proof of identity (for example, a valid passport or driving licence) and note on the transaction receipt what you have seen.

This section details some of the responses the terminal may provide during the course of a UnionPay sales transaction and additional actions you need to perform when refunding or reversing a UnionPay card transaction.

Purchases

During the sales process you may see the following terminal response codes if there are problems with the PIN, the terminal may display:

- **'INCORRECT PIN'**, the UnionPay cardholder has entered an incorrect PIN combination; advise the cardholder that they will need to retry for the payment to go through
- **'NUMBER OF PIN ENTRIES EXCEEDED'**, the cardholder has used their maximum number of PIN attempts and will not be allowed to continue the transaction using their UnionPay card. If you and the cardholder want to continue with the sale, ask for an alternative means of payment.

Authorisation

During the course of the sales process, your terminal will automatically seek authorisation on UnionPay cards in all circumstances.

When an authorisation has been requested on the UnionPay card, the terminal will display one of the following response messages:

- **'AUTHORISATION CODE XXXX(XX)'**, this is a successful authorisation. The code should print automatically on the receipt. If your terminal does not print the authorisation code, write it onto the receipt
- **'NOT AUTHORISED (1000)'**, the UnionPay card issuer has refused to authorise the transaction. Advise the cardholder to contact their card issuer if they want to know why the transaction has been declined. If you and the cardholder want to continue with the sale, ask for an alternative means of payment. If you continue to process a declined transaction, this may result in a chargeback and a financial loss to your business.

Note: Voice authorisations, including 'Code 10' requests, are **not** available for UnionPay transactions. A UnionPay card can only be authorised or declined via the terminal. If you are at all suspicious, **do not** proceed with the transaction(s) as to do so will be at your own risk.

There are some additional terminal response codes that you may also see from the terminal when trying to process a UnionPay transaction:

- **'INVALID MERCHANT'** and **'UNKNOWN MERCHANT'** please contact us straightaway as your terminal may not have been configured correctly
- **'LOGON REQUIRED'** the terminal will perform an automatic logon and will retry if this fails. If the problem persists, please contact us
- **'SYSTEM BUSY'** there may be a problem with the UnionPay host system. Please retry processing the transaction and if this fails, please contact us
- **'INVALID MAC'** this error will resolve itself automatically, however if the problem persists, please contact us
- **'MAC RESET LIMIT EXCEEDED'** this error will resolve itself automatically, however if the problem persists, please contact us.

Please see page 13 for our contact details.

Refunds

Before you complete a refund transaction on the terminal:

- ask to see the original sales receipt and check that the last four digits of the card number on

the original sales receipt match those on the card being presented. Crediting a different card account may result in the original transaction being charged back to you

- carry out the card and cardholder validation checks as for a normal sale transaction (see page 5)
- check the signature on the transaction receipt matches that on the signature panel on the back of the card, and the card number on the transaction receipt matches that on the front of the card.

Please note that it is not necessary to obtain authorisation for a refund.

If you are unable to perform a refund electronically on a UnionPay card because your terminal has failed, you need to call our Helpdesk (see page 13 for our contact details).

Reversing A Transaction

If a sale or refund transaction is completed in error, you can reverse the transaction, thereby cancelling it. The reversal must be performed within 30 seconds and on the same terminal the original transaction took place.

If the cardholder wants to cancel the transaction after it has been completed, a refund must be completed.

Note: if a purchase reversal transaction fails; this may result in a chargeback.

UnionPay Card Transaction Processing

Parties Involved

To process a UnionPay card transaction, the following parties are involved:

- you, the merchant, who is authorised to accept UnionPay cards for the payment of goods and services
- Global Payments, the card processor, with whom you have the agreement to accept UnionPay cards, who route the transactions, authorisations and fund transfers to and from the UnionPay host system
- UnionPay, the card scheme authorising its participants to issue UnionPay cards or accept UnionPay cards
- the UnionPay card issuer, who issues UnionPay cards and maintains UnionPay cardholders accounts
- the UnionPay cardholder, who will use their UnionPay card for the payment of goods and services.

Transaction Processing Cycle

A UnionPay card transaction is processed via the following steps.

Authorisation:

- when you swipe a UnionPay card through your terminal and enter the transaction amount, the terminal will automatically send an authorisation request
- Global Payments will forward the authorisation request to UnionPay
- UnionPay forwards the authorisation request to the card issuer

- the card issuer sends a response with approval or decline to UnionPay
- UnionPay forwards the response to Global Payments
- Global Payments forwards the response to the terminal
- you complete the transaction according to the response on the terminal.

Submitting UnionPay Transactions:

- your online terminal(s) submits transactions, including the UnionPay transactions, to a host system throughout the business day
- overnight the host system will release all stored transactions for processing.

Clearing:

- UnionPay processes transaction data including normal transaction data and Chargeback transaction data daily after Beijing time 23:00 (15:00 GMT, 16:00 BST), the UnionPay system cut-off time. No action is required by you and there will be no impact should you wish to process a UnionPay transaction at this time
- UnionPay generates reports for the card issuer and Global Payments to review prior to settlement. This report will include any rejected transactions which we will re-process on your behalf. However, in some instances we may need to contact you before doing so to verify certain transactional information.

Settlement:

- UnionPay completes the fund transfer between the card issuer and Global Payments
- Global Payments then credit your nominated bank account
- the card issuer debits the cardholder's account.

Crediting Your Bank Account And Service Charges

Credits To Your Bank Account

Timescales For Your Credit

The following is a guide to when you should expect any payments to be credited to your bank account.

Typical Crediting Timescales for UnionPay are:

- Monday: transaction undertaken
- Monday 15.00 GMT (16.00 BST): UnionPay cut off process takes place and settlement cycle begins
- early Tuesday: UnionPay generates settlement file
- Tuesday: settlement file received and approved and funds submitted to BACS
- Thursday: funds received at account holding bank
- Friday: funds are available for withdrawal.

Crediting timescales may vary if:

- we have agreed any other arrangements in writing
- you have not followed the UnionPay Operating Instructions Manual.

Crediting days are Monday to Friday, excluding UK and Chinese public holidays.

The Chinese public holidays listed below are non settlement days. For the specific dates of these holidays please contact us (see page 13 for our contact details).

- New Year's Day
- Spring Festival, Chinese New Year
- May Day/Labour Day
- Dragon Boat Festival
- National Day of China.

Bank Statement Entries

The narrative that appears on your bank statement will be 'UP NNNNNNNN DDMMYY', where:

- UP = UnionPay
- NNNNNNNN = your outlet ID/Merchant Number
- DDMMYY = the date the transactions are submitted to BACS for processing.

You will see one bulk net credit containing the relevant days' transactions.

Note: Transactions taken during non-banking days will be included in the next working day's settlement file. For example, any transactions accepted after the cut off time on Friday afternoon, together with all the transactions taken on Saturday and Sunday, will be included with the transactions taken up to the cut off time on Monday.

Service Charges

This is the amount payable by you for the processing of UnionPay card transactions. The charge will be calculated as a percentage of the transaction value. Unless otherwise agreed, service charges are calculated on a sales only basis. This means we do not charge for refunds.

Please refer to your *Service Schedule* for details of our service charges for UnionPay transactions, or anymore recent communication from us.

How Will We Collect Service Charges?

Service Charges are deducted from the value of the UnionPay transaction before being credited to your nominated bank account. This is known as Net Settlement.

Reconciliation

A monthly statement will be posted to you during the first week of the new month detailing the UnionPay credit entries and charges passed to your account by us.

We strongly recommend that you reconcile all your bank account entries on a monthly basis. Please call us (see below for our contact details) at the earliest opportunity if you have any queries about your UnionPay statement entries.

Stationery

Point Of Sale Stickers

We will provide you with a UnionPay point of sale sticker. Please display this so that UnionPay

cardholders are aware your business accepts this card. Further supplies can be obtained by contacting us (see below for our contact details).

We can also provide a desktop display of the UnionPay logo. Please contact us if you would like one of these.

Tally Rolls For Electronic Terminals

Make sure you have enough tally rolls to cope with the demands of your business for the terminal you have been supplied to the accept UnionPay transactions.

To order tally rolls for our terminals, please call us (see below for our contact details). You will find our prices very competitive. We can supply rolls within 24 hours on a working day (Monday to Friday, excluding public holidays) to most areas of the UK.

We strongly recommend that you hold at least one months' supply of tally rolls. For busy periods you may wish to order additional supplies.

Please be careful of unsolicited calls from third parties selling tally rolls that might not meet the quality required for your terminal.

How To Contact Us

If you have any questions about UnionPay card processing, please contact the Global Payments Helpdesk in the first instance.

Have your merchant number ready whenever you call us. We assign you a merchant number to help us identify you. It appears on your monthly invoice and on receipts from your electronic terminal(s).

Note: you will not be issued with an additional merchant number for UnionPay card processing.

Global Payments Helpdesk: 0845 702 3344

We are open for card processing enquiries every day (except Christmas Day) between 8.00am and 11.00pm Monday to Saturday, 10.00am and 5.00pm Sunday and between 10.00am and 4.00pm on public holidays.

Calls are monitored or recorded from time to time to improve our service to you. Any recording remains our sole property.

We also provide a textphone service on 0845 602 4818.

Or write to us at:
Global Payments
51 De Montfort Street
Leicester
LE1 7BB



Global Payments

51 De Montfort Street

Leicester LE1 7BB

Tel 0845 702 3344

Textphone 0845 602 4818

www.globalpaymentsinc.co.uk

Global Payments is HSBC Bank plc's preferred supplier for card processing in the UK.

Global Payments is a trading name of GPUK LLP. GPUK LLP is authorised by the Financial Conduct Authority under the Payment Services Regulations 2009 (504290) for the provision of payment services.

GPUK LLP is a limited liability partnership registered in England number OC337146. Registered Office: 51, De Montfort Street, Leicester, LE1 7BB. The members are Global Payments U.K. Limited and Global Payments U.K. 2 Limited. Service of any documents relating to the business will be effective if served at the Registered Office.