



Processing and Business Requirements

# Subscriptions & Free Trials Guidelines

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## Introduction

Since 2019, Mastercard and Visa published a series of guidelines for merchants offering subscriptions and free trials, both for physical goods & services.

This guide brings you all the information you need in order to comply with all the card scheme rules. Note that the card schemes may fine merchants who do not implement the following regulations.

The rules are designed to improve the cardholders' experience, enable issuers to easily identify these transactions, and avoid disputes.

In some cases, Shift4 may request you to fill in a declaration that your business applies all the guidelines. If this is required, your Account Manager will contact you with the necessary details.

## The Card Scheme Rules

### *Visa Requirements*

Visa defined a set of guidelines and best practices that you are required to implement as part of your free trial business process to ensure transparency and avoid disputes. We categorised the guidelines according to your selling process.

### Subscription process

**1. Express Consent:**

You must get the cardholder's permission to begin an ongoing subscription service for recurring payments.

**2. Enhance Notification:**

Using email, SMS or another delivery method, you must provide the cardholder with a copy of the subscription service's terms and conditions, which must contain the following information:

- a. Confirmation that the cardholder has agreed to a subscription
- b. The start and end date of the subscription
- c. Details of the goods or services
- d. The ongoing transaction amount and billing frequency once the trial period will be over
- e. Link or other simple mechanism to enable the cardholder to easily cancel any subsequent transactions online, regardless of how the cardholder initially signed up

**3. Clear and accurate transaction receipts:**

You must disclose the following on each transaction receipt:

- a. Length of trial period / introductory offer / promotional period, including clear disclosure that the cardholder will be charged unless the cardholder takes steps to cancel subsequent transactions
- b. Transaction amount and date, for the initial transaction and for subsequent recurring transactions (even if no amount is due)
- c. A link or other simple mechanism to enable the cardholder to easily cancel any subsequent transaction online

### Trial period

Send a reminder notification, including a link to an online cancellation procedure, at least seven days before initiating a recurring transaction, if:

1. A trial period, introductory offer, or promotional period is about to expire
2. The recurring agreement has changed (for example, the price or billing period have changed)

## End of trial period

### **Statement Descriptor**

For the first transaction after a trial period is over, an additional term indicating a post-trial period transaction will be required in the 'City/Customer support number' component of the billing descriptor.

This addition to the descriptor (for example, "trial ended", "end of trial", "free trial end") will appear on cardholder statements, online banking forms, mobile app pages, and SMS/text alerts.

Make sure that the functionality of Dynamic Descriptor is enabled in your account. (i2 parameter). Once you are configured to use a Dynamic Descriptor, use the i2 parameter for every first transaction after a trial period is over.

Refer to the i2 parameter requirements on Shift4 Acquiring API on Epower.

Contact your solution architect if you need to add this feature to your process or if you have any specific issues implementing the above requirements.

## Expanded Dispute Rights

Cardholders may raise chargebacks due to unclear billing following trial periods.

You can represent the chargeback by showing that you have acted appropriately when:

1. The cardholder expressly agreed to future transactions at the time of the initial interaction
2. You electronically notified the cardholder before processing new transactions following the trial or promotional period

## Mastercard Requirements

Mastercard defined a set of guidelines and best practices that you are required to implement as part of your business process, to ensure transparency and avoid disputes. Mastercard may apply fines on merchants that do not implement these guidelines.

### ***Registration with Mastercard***

Merchants offering physical goods in a trial period and/or as free sample products followed by an automatic and recurring billing cycles must be registered with Mastercard Registration Program (MRP).

The registration fee is \$500 per year and is renewed annually.

Shift4 will automatically register you and the registration fee will be deducted from your merchant account to ensure you comply with Mastercard rules.

If you are using any third-party service providers who have access to cardholder data, this service provider must also be registered with Mastercard. The registration fee for each provider is €3,500 per year and is renewed annually.

### ***The Guidelines***

1. Provide Shift4 details about your third-party service providers who have access to cardholder data
2. Provide clear information and collect the customer's acceptance (effective as of 22 September 2022):
  - a. Clearly disclose the basic terms of the subscription (price, period, frequency of billing). If you offer a trial period (free or low-cost) also include the accurate terms of the trial itself and the expected billing at the end of the trial (for example, "You will be billed EUR 2.99 today for a 30-day trial. Once the trial ends, you will be billed EUR 19.99 each month thereafter until you cancel").
  - b. This information must be displayed at the point of payment where the cardholders enter their card details and on any screens that show the summary of the order (note that a link to another page or having to scroll down to see the terms does not comply with this requirement).
  - c. Make sure to capture the cardholder's affirmative acceptance of the terms of the trial and subscription before completing the order.
3. Maintain a consistent transaction processing
  - a. Your descriptor must include the URL of the website on which the cardholder signed up for your product or your customer service phone number (for subscription made through mail order or telephone order)

- b. In a subscription program, all subsequent recurring payment transaction must be processed under the same descriptor used for the initial payment transaction (for transaction processed by the same acquirer)
4. Keep a clear and transparent communication with the cardholder
- a. The trial period must begin at the date the product is received by the cardholder
  - b. **Send a confirmation of subscription plan:** You must send a confirmation of the subscription/recurring billing plan that provides the terms of the subscription, including terms of the trial period (if applicable) and clear instructions about how to cancel the subscription. This confirmation should be sent by email or other electronic method at the time of the enrollment. This is effective as of 1 March 2022.
  - c. **Notify your customer before the end of the trial period:** When a subscription plan is automatically renewed at the end of the trial notify the cardholder at least 3 days before, and no more than 7 days before the expected billing. The reminder notification must include the terms of the subscription and instruction about how to cancel it. This is effective as of 1 March 2022.
  - d. Once the trial period ended, but before any additional payments are made by the cardholder, you must provide the cardholder with the following information:
    - i. The payment transaction amount
    - ii. The payment date
    - iii. The merchant's name as it will appear on the cardholder's statement
    - iv. Instructions for canceling the subscription at the cardholder's discretion



**Note:** High-risk physical goods merchants need to provide the cardholder the above information, and also to get the cardholder's explicit consent before initiating the recurring billing cycle. This is effective as of 1 March 2022.

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- e. Each time you attempt an authorisation transaction as part of the subscription program, you must send a receipt to the cardholder by email or other electronic means (such as a text message). The receipt must include instructions on how to cancel the subscription service or recurring billing cycle.  
  
Note: if a receipt is produced following an unsuccessful authorisation attempt, the receipt must indicate the reason for the decline response.
  - f. If your website happens to be offline (for example for maintenance) must display a customer service phone number as part of the maintenance page that is displayed when the website is offline
5. Offer an easy subscription cancellation process:

- a. You must provide the cardholder a direct link to an online cancellation procedure of the recurring payment transaction, as part of the website where the cardholder made the initial purchase.
- b. You must send the cardholder a written confirmation when the trial period and /or the subscription plan have been canceled.



## Need Support?

Contact our 24/7 Client Relations Centre for any additional information or technical issue:

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