

**SIGIS Special Interest Group for IAS Standards (“SIGIS”)  
Certification Policies and Procedures  
(4th Amendment January 2010)**

**I. Merchants**

1. A merchant seeking certification must complete the SIGIS Merchant Certification Self-Assessment. The Self-Assessment will be supplied by the merchant’s acquirer, or, as designated by the acquirer, the acquirer processor (“Acquirer/Acquirer Processor”). The Self-Assessment must be executed by a duly-authorized representative of the merchant and sent to the merchant’s settlement acquirer processor.
2. The complete and executed Self-Assessment will be sent by the Acquirer/Acquirer Processor to the Certification and Compliance Committee of SIGIS, to the attention of the Chief Compliance Officer (CCO) or his/her designee.
3. The Self Assessment must be submitted by the merchant's Acquirer/Acquirer Processor, as appropriate, that is a member of SIGIS in good standing. If the merchant uses more than one settlement Acquirer/Acquirer Processor, it must fill out separate forms for each.
4. A subset of the Certification and Compliance Committee will review the Self-Assessment.
  - (a) The review will be undertaken by at least two members of the Certification and Compliance Committee.
  - (b) Neither the applicant, any merchant nor the merchant’s Acquirer/Acquirer Processor may be a member of the review team.
  - (c) The review will be completed within ten business days.
  - (d) If the review team determines that any information is incomplete or otherwise deficient, it will notify the Acquirer/Acquirer Processor, and the Acquirer/Acquirer Processor will work with the merchant to revise and resubmit the Self-Assessment.
  - (e) If the Self-Assessment is not approved by a reviewer that is an Acquirer/Acquirer Processor, the Self-Assessment will be sent to another reviewer that is not an Acquirer/Acquirer Processor for review. If that replacement reviewer and the other original member of the review team agree to accept the Self-Assessment, it is approved, otherwise it is rejected. A rejection may be appealed by the merchant pursuant to the Bylaws.
5. Once the Self-Assessment has been approved by the review team, it will be forwarded to the CCO or his/her designee.

6. The merchant will be considered fully certified once it has satisfied all of the following conditions:
  - (a) Self-Assessment is approved by SIGIS;
  - (b) Merchant has executed its Membership Agreement and Merchant has been notified that its membership has been approved by SIGIS; and
  - (c) Technical testing is conducted and the results are approved by the Acquirer/Acquirer Processor pursuant to Section I.8 below.
7. Upon satisfaction of the conditions (a) and (b) above, the CCO will notify the merchant and its Acquirer/Acquirer Processor.
8. Upon satisfaction of condition (c) above, the Acquirer/Acquirer Processor will notify SIGIS that testing is complete, such notification to include a production date (defined as the date by which at least 75% of merchant's store locations will be in production).
9. Upon satisfaction of all of conditions (a) – (c) above, SIGIS will note in its records that the merchant has completed certification. The SIGIS web site will be updated to list the merchant as certified, with a scheduled production date also noted, within five business days.
10. In order to support proper transaction flow to issuer processors, upon satisfaction of all of conditions (a) – (c) above, the Acquirer/Acquirer Processor will follow all procedures published by the card networks required for SIGIS transaction control.
11. If a merchant uses an Acquirer/Acquirer Processor that is not a member of SIGIS pursuant to Section I.12, a compliance infraction by the merchant's Acquirer/Acquirer Processor will be attributed to the merchant.
12. **The Acquirer/Acquirer Processor that performs system testing for certification, participates in transaction control, and through which the merchant sends its SIGIS-standard transactions and its self-assessment must be a member of SIGIS. Notwithstanding the immediately foregoing sentence, the merchant is permitted to temporarily route transactions through a non-SIGIS member Acquirer/Acquirer Processor if necessary due to emergency conditions beyond the merchant's reasonable control. Emergency conditions which would warrant this waiver include, but are not limited to the following conditions:**
  - (a) Vendor software issue that requires routing transactions to a different Acquirer/Acquirer Processor**
  - (b) Disaster Recovery situation that requires alternate routing of transactions until processing can be restored to the original environment**
  - (c) Regulatory, legislative or unavoidable legal requirement necessitating the routing of transactions to an alternate Acquirer/Acquirer Processor**

**(d) Withdrawal or termination of SIGIS membership of the merchant's Acquirer/Acquirer processor other than as a result of a compliance case against the Acquirer/Acquirer processor.**

**In such cases, the merchant must notify SIGIS within three (3) business days of its temporary use of a non-member as well as when it resumes processing with a member Acquirer/Acquirer Processor. The merchant must resume processing with a member Acquirer/Acquirer Processor within 120 days, including re-certification if the merchant changes its Acquirer/Acquirer Processor.**

**13. If the merchant converts processing to a new Acquirer/Acquirer Processor on a long-term basis, the merchant must complete a new SIGIS Merchant Certification Self-Assessment that reflects the new Acquirer/Acquirer Processor. The self-assessment must be approved as provided in this policy, and the new Acquirer/Acquirer Processor must send notice of approval of technical testing to SIGIS as required by this policy.**

## **II. Alternative Process for Qualified Merchants Using a Third-Party Servicer**

1. Merchants outsourcing the majority of their IAS processes to a Third Party Servicer (TPS) may take advantage of an alternative certification process. A TPS is defined under Section III below and entitled "Third Party Servicers".
2. The merchant's TPS must be certified as set forth below by SIGIS for the specific solution used by the merchant in order for the merchant to become certified under this process. If not certified, the merchant may seek certification using the standard Merchant Certification Self Assessment described in Section I.
3. Once the TPS has received notification from SIGIS that it has been certified by SIGIS, the TPS then facilitates submission of the TPS Client Merchant Self-Assessment ("SA") for its client merchants. The primary process for certification is electronic, with a secondary paper process to be used in exceptional circumstances, as follows:
  - a. Electronic Process:
    - i. The TPS notifies its clients that they can access the TPS merchant SA on-line.
    - ii. The client merchant fills in the self-assessment.
    - iii. The TPS reviews and approves the merchant SA.
    - iv. The Acquirer/Acquirer Processor attests to the merchant SA.
    - v. SIGIS is notified and the SA is fully approved.
  - b. Paper Process:

- i. The TPS forwards a copy of the SA to its clients that are using the product/service specified in the SA and have a relationship with the designated Acquirer/Acquirer Processor.
- ii. The TPS must require that its clients return the SA to the TPS. The TPS reviews the information for accuracy and completeness. The TPS also ensures that the SA is signed by an authorized signatory of the merchant. The TPS signs the SA.
- iii. The TPS forwards the signed SA to the merchant's Acquirer/Acquirer Processor.
- iv. The Acquirer/Acquirer Processor forwards the SA to SIGIS for review and approval.

No SAs will be accepted by SIGIS until the TPS has been certified by SIGIS pursuant to Section III.

4. The SA will be reviewed according to the procedures set forth in Section I.4 above until such time as the review and approval process is automated in a manner approved by the Board.
5. The merchant is deemed to be certified when its SA has been approved by SIGIS and it is a SIGIS member in good standing, with dues fully paid.
6. The provisions of Sections I.5, I.7, and I.9 through I.12 above shall also apply to merchants using this alternative process, with the exception that acquirer testing as described in Section I.6 (c) above is not required, and therefore any reference to such does not apply to merchants using this alternative process.
7. Because the merchant is outsourcing a significant amount of its processes to the TPS, and because the merchant's individual certification only covers those processes that it does not outsource to the TPS, the merchant's certification is dependent upon the certification of its TPS. For that reason, if the merchant's TPS has its certification suspended or revoked as the result of a compliance case against the TPS, the merchant's certification will also be suspended for so long as its TPS is not certified. In the case of withdrawal or termination of the TPS's SIGIS membership for reasons other than a compliance case, the merchant will remain certified for 120 days. Prior to the end of this 120 day period, the merchant must complete a new SIGIS certification, either with a different certified TPS or directly through use of the long-form self-assessment process, in order to remain certified by SIGIS.
8. If the merchant changes its TPS, the merchant must become certified through its new TPS in order to remain certified by SIGIS.

### **III. Third-Party Servicers**

1. Third-Party Servicers are entities to which merchants outsource a significant portion of their IAS processes. A TPS is defined as a company that develops and operates inventory management and point-of-sale (POS) systems for retailer clients. A TPS

may be a retailer, a POS software vendor or a company that provides third party services to retailers that sells prescription/Rx and over-the-counter Qualified Healthcare Products.

The key requirement for a company to qualify as a Third Party Servicer for purposes of SIGIS Merchant Self-Assessments is that the company provides and operates **all** of the following services/systems on behalf of its retailer clients:

- Inventory management,
- Cash register/POS transaction processing,
- Payment card processing, and
- Data retention/storage (can be supported by TPS systems/services or merchant as long as the SIGIS retention requirements are met).

The TPS must have an established relationship with an acquiring processor for purposes of certifying the POS and payment card processing. A company that develops software for merchant clients that allows the merchant to make changes that will affect IAS processing after the software is installed will not be eligible to fill out this form. In this case, the merchant must complete a SIGIS Merchant Self-Assessment Form as described in Section I above.

2. A TPS seeking certification must complete a SIGIS Third Party Servicer (TPS) Self-Assessment. The TPS will send the Self-Assessment to the Acquirer/Acquirer Processor who will forward the form to SIGIS.
3. If the TPS's merchant customers use more than one settlement Acquirer/Acquirer Processor and/or provide more than one software solution, it must fill out separate forms for each such Acquirer/Acquirer Processor / software solution.
4. A subset of the Certification and Compliance Committee will review the Self-Assessment.
  - a. The review will be undertaken by at least two members of the Certification and Compliance Committee.
  - b. Neither the applicant, any merchant nor the TPS merchant's Acquirer/Acquirer Processor may be a member of the review team.
  - c. The review will be completed within ten business days.
  - d. If the review team determines that any information is incomplete or otherwise deficient, it will notify the TPS, and the TPS will revise and resubmit the Self-Assessment.
  - e. If the Self-Assessment is not approved by a reviewer that is an Acquirer/Acquirer Processor, the Self-Assessment will be sent to another reviewer that is not an Acquirer/Acquirer Processor for review. If that replacement reviewer and the other original member of the review team agree

to accept the Self-Assessment, it is approved, otherwise it is rejected. A rejection may be appealed by the TPS pursuant to the Bylaws.

5. Once the Self-Assessment has been approved by the review team, it will be forwarded to the CCO or his/her designee.
6. The TPS will be considered fully certified once it has satisfied all of the following conditions:
  - a. Self-Assessment is approved by SIGIS;
  - b. TPS has executed its Membership Agreement and has been notified that its membership has been approved by SIGIS, and has paid its membership fees; and
  - c. Technical testing is conducted and results are approved by the Acquirer/Acquirer Processor pursuant to Section III.8 below.
7. Upon satisfaction of the conditions (a) and (b) above, SIGIS will notify the TPS and the Acquirer/Acquirer Processor.
8. Upon satisfaction of condition (c) above, the Acquirer/Acquirer Processor will notify SIGIS that testing is complete

#### **IV. Certification of Members Engaged in Other Lines of Business**

1. SIGIS may develop additional certification programs for members engaged in lines of business for which a certification program does not currently exist. Such programs may include requirements such as self-assessment questionnaires and system testing programs. The applicant may be required to sign an agreement containing undertakings with respect to compliance with the SIGIS requirements for certification that relate to the applicant's business as well as a license to use certain SIGIS marks.
2. The Certification and Compliance Committee will be responsible for any additional certification programs.
3. SIGIS may establish an annual fee schedule for certified entities.
4. SIGIS will maintain a public database of members that have been certified pursuant to a formal certification program. This does not apply to members deemed certified under Section IV. 5 below.
5. A member who is not engaged in lines of business that are subject to a formal certification program will be deemed certified provided that such Member (i) is a Member in good standing under the Bylaws, (ii) uses SIGIS Deliverables solely in accordance with Section 1 of the Membership Agreement, (iii) complies with any other certification requirements set forth in this Policy, as may be amended from time-to-time, applicable to such Member's business, and (iv) has not opted out of

certification by notifying the SIGIS Secretary within five (5) business days of the Member's Effective Date of Membership or within five (5) business days of notice that these Certification Procedures, or amendments thereof, were adopted by the SIGIS Board of Directors, whichever is later.