

# PayPal Hosted Solution and eTerminal Agreement

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This PayPal Hosted Solution and eTerminal Agreement ("Agreement") is a contract between you (also referred to as the "Merchant") and PayPal (Europe) Sàrl et Cie, SCA ("PayPal" or "we"). You agree that any use by you of Online Card Payment Services shall constitute your acceptance of this Agreement and we recommend that you store or print-off a copy of this Agreement. PayPal is licensed as a Luxembourg credit institution and is under the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (the "CSSF"). The CSSF has its registered office in L-1150 Luxembourg. Because the funds in your PayPal Account are electronic money, which does not legally qualify as a deposit or an investment service, you are not protected by the Luxembourg deposit guarantee schemes provided by the Association pour la Garantie des Dépôts Luxembourg.

This Agreement applies to your use of PayPal Hosted Solution and eTerminal Agreement (the "Products"). To proceed with obtaining one or both of the Products, you must read, agree with and accept all of the terms and conditions contained in this Agreement.

We may make Changes to this Agreement by giving notice of such Change by posting a revised version of this Agreement on the PayPal website(s). A Change will be made unilaterally by us and you will be deemed to have accepted the Change after you have received notice of it. We will give you 2 months' notice of any Change with the Change taking effect once the 2 month notice period has passed, except the 2 month notice period will not apply where a Change relates to the addition of a new service, extra functionality to the existing Service or any other change which we believe in our reasonable opinion to neither reduce your rights nor increase your responsibilities. In such instances, the change will be made without notice to you and shall be effective immediately upon giving notice of it. All future Changes set out in the Policy Update already published on the "Legal Agreements" landing page of the PayPal website at the time you register for the Online Card Payment Services are incorporated by reference into this Agreement and will take effect as specified in that Policy Update.

If you do not accept any Change, you must close your Account following the account closure procedure set out in the User Agreement. If you do not object to a Change by closing your Account within the 2

month notice period, you will be deemed to have accepted the Change. While you may close your Account at any time and without charge, please note that you may still be liable to us after you terminate this Agreement for any liabilities you may have incurred and are responsible for prior to terminating this Agreement and please further note our rights under the User Agreement.

Capitalised terms are defined below. Please view [download and save](#) this agreement.

## 1. Setting up and activating your Product

1. **Getting started.** To obtain and use your Product, you must first do all of the following:
  1. Complete the online application process for your Product, open a PayPal Business Account (if you do not already have one), and follow the instructions set out in PayPal's online process to access and use your Product.
  2. Integrate your Product into the payment process of your website, if your Product is PayPal Hosted Solution. You are not required to integrate your Product into the payment process of your website if you only access and use eTerminal. PayPal is not responsible for any problems that could occur by integrating your Product into your 'live' website. You are solely responsible for choosing, setting, integrating and customizing your Product and ensuring that it suits your needs.
  3. Activate your Product by using it in a 'live' payment transaction for the first time.

If you chose to use PayPal Hosted Solution, you will automatically be given access to eTerminal. However, you can access and use eTerminal on its own.

2. **Credit report authorisation.** You agree to allow PayPal to obtain from a third party your credit history and financial information about your ability to perform your obligations under this Agreement in the manner set out in the PayPal Privacy Policy. PayPal will review your credit and other risk factors of your Account (reversals and chargebacks, customer complaints, claims etc.) on an ongoing basis. PayPal will store, use and disclose the information obtained in conformity with PayPal's Privacy Policy.
3. **Your information.** You confirm that you have read, consented and agreed to PayPal's Privacy Policy, which explains the information that we collect about you and your online business. In particular, you agree and consent that PayPal may obtain from a third party your credit history and financial information about your ability to perform your obligations under this Agreement; the PayPal Privacy Policy lists the companies involved in this exchange of credit-related information. PayPal will review your credit and other risk factors of your Account (reversals and chargebacks, customer complaints, claims etc.) on an ongoing basis, and we may also review your website and the products for sale on it. PayPal will store, use and disclose all information that we have about you in conformity with PayPal's Privacy Policy.
4. **Cancellation.** PayPal may decline your application for the Product(s) due to your credit history, PayPal history, or for any other reason in PayPal's discretion. You agree and acknowledge that we and/or our agents reserve the right in our sole discretion to reject your application and enrolment for the Product(s) and PayPal may limit your access to or use of the Product(s) without any further obligation to you.

## 2. Fees

- How fees are paid.** You agree to pay the fees in this Agreement as they become due without set-off or deduction. You authorise PayPal to (and PayPal may) collect Monthly Fees first from any available Balance in your Account and then also from the funding source(s) registered for your Account, and you authorise PayPal to (and PayPal may) collect fees for receiving payments from the payments you receive before those funds are credited to your account. If PayPal is unable to collect a past due fee from your Account and its funding source(s), we may take action against you as provided in the User Agreement for unpaid fees.

Except as further provided in this Agreement, you agree to pay the fees set out in the User Agreement.

Fees will be charged in the currency of the payment received.

See the Glossary at clause 2.6 for further reference.

## 2. Monthly Fees

Product	Monthly Fee
PayPal Hosted Solution	EUR 29.00
Virtual Terminal only	EUR 29.00

## 3. Transaction Fees for Standard PayPal Payments

If you receive the payment:	the PayPal Standard Rate fee is:	the PayPal Merchant Rate is as follows:	
		where the aggregate monetary amount of payments received in your PayPal Account in the previous calendar month is:	the PayPal Merchant Rate fee (subject to the further terms and conditions in this section 2.8) is:
as a Standard PayPal Payment	3.4% + Fixed Fee	€ 0.00 – € 2,500.00	3.4% + Fixed Fee
		€ 2,500.01 – € 10,000.00	2.7% + Fixed Fee
		€ 10,000.01 – € 50,000.00	2.2% + Fixed Fee
		€ 50,000.01 – € 100,000.00	2.2% + Fixed Fee
		Above € 100,000.00	1.8%

			+ Fixed Fee
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**4. Transaction Fees for Card Payments under the Blended Pricing Fee Structure**

If you receive a payment:	the PayPal Standard Rate fee is:	the PayPal Merchant Rate is as follows:	
		where the aggregate monetary amount of payments received in your PayPal Account in the previous calendar month is:	the PayPal Merchant Rate fee (subject to the further terms and conditions in this section 2.8) is:
from a card (Visa or MasterCard) using the Online Card Payment Services	2.5% + Fixed Fee	€ 0.00 – € 2,500.00	2.5% + Fixed Fee
		€ 2,500.01 –€ 10,000.00	2.0% + Fixed Fee
		Above € 10,000.00	1.7% + Fixed Fee

**5. Transaction Fees for Card Payments under the Interchange Plus Fee Structure**

If you receive a payment:	the PayPal Standard Rate fee is:	the PayPal Merchant Rate is as follows:	
		where the aggregate monetary amount of payments received in your Account in the previous calendar month is:	the PayPal Merchant Rate fee (subject to the further terms and conditions in this section 2.8) is:
from a card (Visa or MasterCard) using the Online Card Payment Services	Interchange Fee (approximately ranges from 0.2% to 2.0%) + 2.05% + Fixed Fee	€ 0.00 – € 2,500.00	Interchange Fee (approximately ranges from 0.20% to 2.00%) + 2.05% + Fixed Fee
		€ 2,500.01 –€ 10,000.00	Interchange Fee + 1.55% + Fixed Fee

		Above € 10,000.00	Interchange Fee + 1.25% + Fixed Fee
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## 6. Glossary

**a. Interchange Fees** are set by Visa and MasterCard. They approximately range from 0.20% to 2.00% and vary for different types of cards (for example by categories and brand). **PayPal shall always charge you the Interchange Fee as set by Visa and MasterCard and as passed on by its Acquirer.** Single Interchange Fees may change from time to time. For more information on Interchange Fees, please see [MasterCard's](#) and [Visa's](#) websites as well as our [simplified overview](#).

**b. Percentage-based fees** (such as 3.4%) refer to an amount equal to that percentage of the payment amount.

**c. Fixed Fees** are based on the currency received, as follows:

Argentine Peso:	2.00 ARS	New Zealand Dollar:	\$0.45 NZD
Australian Dollar:	\$0.30 AUD	Norwegian Krone:	2.80 NOK
Brazilian Real:	0.60 BRL	Philippine Peso:	15.00 PHP
Canadian Dollar:	\$0.30 CAD	Polish Zloty:	1.35 PLN
Czech Koruna:	10.00 CZK	Russian Ruble	10.00 RUB
<b>Euro:</b>	<b>€0.35 EUR</b>	Singapore Dollar:	0.50 SGD
Danish Kroner:	2.60 DKK	Swedish Kronor:	3.25 SEK
Hong Kong Dollar:	\$2.35 HKD	Swiss Franc:	0.55 CHF
Hungarian Forint:	90 HUF	Taiwan New Dollar:	10.00 TWD
Israeli New Shekels:	1.20 ILS	Thai Baht:	11.00 THB
Japanese Yen:	¥40 JPY	Turkish Lira:	0.45 TRY
Malaysian Ringgit:	2 MYR	UK Pounds Sterling:	£0.20 GBP
Mexican Peso:	4.00 MXN	US Dollar:	\$0.30 USD

## 7. Blended Pricing or Interchange Plus Transaction Fees?

When you receive card payments using any of our Online Card Payment Services via Hosted Solution or Virtual Terminal:

1. the Blended Pricing fee structure shall apply until 23 June 2016 ;
2. you may choose the fee structure applicable to you on or after Interchange Plus Launch, by the methods or procedures that PayPal may make available to you before and after Interchange Plus Launch. . If you do not make an election, you will stay on your previous fee structure.

You may choose your fee structure for future transactions only, not for past transactions.

#### 8. **Merchant Rate**

Merchant Rate applies only to Accounts with Merchant Rate status. Merchant Rate status is subject to eligibility, application and approval by PayPal. PayPal may evaluate applications on a case-by-case basis, including, without limitation, on the following criteria: qualifying monthly sales volume, size of average shopping cart and an Account in good standing.

PayPal may downgrade an Account to the Standard Rate at any time if the above criteria are not met or there are unresolved chargebacks against the Account or as otherwise provided for under the provisions relating to the Merchant Rate in the User Agreement.

#### 9. **Additional Transaction Fee for receiving Cross Border Payments**

The fee for Receiving Cross Border payments applies as outlined in the User Agreement, except that it does not apply to payments received **from cards using the Online Card Payment Services under the Interchange Plus fee structure.**

10. **Monthly Reports on Transaction Costs.** PayPal shall make available monthly reports on transaction costs (inclusive of interchange fees) for card transactions which you process with PayPal Hosted Solution and eTerminal. These reports will be downloadable from your PayPal account. The reports do not include any Standard PayPal Payments.

### 3. Settlement of Card Payments within the Interchange Plus Fee Structure

You agree that, when PayPal receives a card payment for you, PayPal may hold those funds in your Reserve Account and you are thereby giving a Payment Order that instructs PayPal to pay those funds to your Payment Account only on the Business Day on which PayPal receives the information about the interchange fee applicable to the card payment, at which time the funds will then be made available to you in your Payment Account. While the funds are held in your Reserve Account, the transaction will appear to you as "Pending" in your Account details. PayPal does not consider that the proceeds of the

card payment in your Reserve Account are at your disposal until PayPal has received the information on the applicable interchange fee from our Processor (which can be within the next Business Day following the day on which the card payment was initiated by the card holder).

#### 4. Information Security

1. **Compliance with Data Security Schedule.** You agree (as a "Merchant") to comply with Schedule 1 below, which forms part of this Agreement.
2. **Your PCI DSS compliance.** You also agree to comply with the PCI Data Security Standard (PCI DSS). You must protect all Card Data that comes within your control according to PCI DSS, and you must design, maintain and operate your website and other systems in conformity with PCI DSS. You must ensure that your staff are and remain sufficiently trained so that they are aware of PCI DSS and can carry out its requirements. PayPal is not responsible for any costs that you incur in complying with PCI DSS.
3. **PayPal's PCI DSS compliance.** PayPal warrants that PayPal and your Product comply and will comply with PCI DSS. However, PayPal's compliance, and your Product's, are not sufficient to achieve compliance with PCI DSS by you and your systems and processes.
4. **3D Secure.** Requirements of the European Central Bank and PayPal's bank regulators require use of 3D Secure in certain circumstances, and Card Associations may also require it to reduce an excessive number of Card Transactions unauthorised by the cardholder. PayPal may by notice to you require that you implement 3D Secure for all or certain specified Card Transactions. You agree to implement 3D Secure if required in such a notice, where the issuer of a particular card supports 3D Secure for that card.
5. **Price and currency.** You may not submit payment transactions in which the amount is the result of dynamic currency conversion. This means that you may not list an item in one currency and then accept payment in a different currency. If you are accepting payments in more than one currency, you must separately list the price for each currency.

#### 5. User Agreement

1. **User Agreement applies.** You acknowledge and agree that the User Agreement, and not this Agreement, is the "framework contract" between you and PayPal as defined in laws transposing Second Payment Services Directive ((EU)2015/2366) . The terms of the User Agreement also apply to you and are incorporated by reference into this Agreement. The definition of "Services" in the User Agreement shall be amended to include your Product, and the definition of "Agreement" shall include this Agreement. In case of any inconsistency between this Agreement and the User Agreement, this Agreement supersedes the User Agreement, but only to the extent of that inconsistency. Where this Agreement and the User Agreement both specify a fee for the same action, the fee specified in this Agreement will apply rather than the fee in the User Agreement. The User Agreement can be found via a link in the footer of nearly every PayPal web page. The User Agreement includes important provisions which:
  1. Permit PayPal to take a Reserve to secure your obligation to pay Chargebacks, Reversals and fees;
  2. Obligate you to follow PayPal's Acceptable Use Policy in your use of PayPal;
  3. Give legal effect to PayPal's Privacy Policy, which governs our use and disclosure of your information and that of Shared Customers; and
  4. Permit PayPal to restrict a payment or your PayPal Account in circumstances listed in the User Agreement.
2. **Failed payments and Product tools.** You are responsible for Chargebacks, Reversals and other invalidated payments as provided in the User Agreement, regardless of how you use and configure your Product, including its fraud filtering technology and similar preventive tools (if any). Those tools can be useful in detecting fraud and avoiding payment failures, but they do not affect

your responsibility and liability pursuant to the User Agreement for Chargebacks, Reversals and payments which are otherwise invalidated.

3. **PayPal Seller protection.** We will reimburse you an amount for Chargebacks or Reversals made against you for the reason of an "Unauthorised Payment" in accordance with the terms of the User Agreement, subject to the following conditions and exceptions:
  1. Seller Protection will only apply to Chargebacks or Reversals made against you for the reason of an "Unauthorised Payment" (the "Eligible Chargebacks and Reversals") and NOT on the reason that a Chargeback or a Claim was issued against you for the reason of "Item Not Received". For the sake of clarity and in accordance with the User Agreement, it is recalled that PayPal Seller Protection does not apply to Claims, Chargebacks and/or Reversals for the reason that the purchase was Significantly Not as Described (SNAD) nor for items that you deliver or are picked up in person.
  2. Seller Protection will be available only if PayPal is the only payment solution available and accepted on your website.
  3. Seller Protection will apply only to payments made through the checkout flow of your website and NOT to other types of payments such as payments made through eTerminal, email payments and Mass Pay.
  4. Seller Protection will apply to payments received by the merchant regardless of the buyer's PayPal account nationality.
  5. The transaction must be marked by PayPal as PayPal Seller Protection "Eligible" on your Account "Transaction Details" page.
  6. The transaction must be marked by PayPal as "Approved" on your Account "Transaction Details" page. If the transaction is marked "Declined" or "pending" on your Account "Transaction Details" page and despite this warning, you chose to ship the item to your buyer and a Chargeback or Reversal is later made against you for this payment, you will not be eligible for Seller Protection.
  7. The transaction will not be Seller Protection eligible if and once you Chargeback Rate (as defined below) has reached 0.5% in the preceding 30 calendar days, unless you have received 4 (four) or less Eligible Chargebacks and Reversals AND 500 (five hundred) or less payments on your PayPal Account in the same period. The "Chargeback Rate" is the percentage of the payments received on your PayPal Account which are later reversed by reason of an Eligible Chargeback or Reversal.

For the sake of clarity, all other terms of the User Agreement relating to PayPal Seller Protection which are not expressly derogated from above remain fully applicable.

## 6. Intellectual Property and ID codes

1. **Licence.** PayPal hereby grants to you a non-exclusive, non-transferable, revocable, non-sublicenseable, limited license to (a) use your Product in accordance with the documentation provided on the PayPal Website; and to (b) use the documentation provided by PayPal for your Product and reproduce it for internal use only within your business. Your Product as licensed is subject to change and will evolve along with the rest of the PayPal system; see clause 8(1). You must comply with the implementation and use requirements contained in all PayPal documentation and instructions accompanying the Product issued by PayPal from time to time (including, without limitation, any implementation and use requirements we impose on you to comply with applicable laws and card scheme rules and regulations).
2. **ID codes.** PayPal will provide you with certain identifying codes specific to you. The codes identify you and authenticate your messages and instructions to us, including operational instructions to PayPal software interfaces. Use of the codes may be necessary for the PayPal system to process instructions from you (or your website). You must keep the codes safe and protect them from disclosure to parties whom you have not authorised to act on your behalf in dealing with PayPal. You agree to follow reasonable safeguards advised by PayPal from time to time in order to protect the security of those identifying codes. If you fail to protect the security of



the codes as advised, you must notify PayPal as soon as possible, so that PayPal can cancel and re-issue the codes. PayPal may also cancel and re-issue the codes if it has reason to believe that their security has been compromised, and after notifying you whenever notice can reasonably be given.

3. **Ownership of PayPal Hosted Solution and materials.** As part of Merchant's access to, and utilisation of PayPal Hosted Solution, Merchant will be provided with certain information and materials (the "Pro Materials") which are able to be used by Merchant to use PayPal Hosted Solution. All intellectual property rights associated with the PayPal Hosted Solution Materials remain the property of PayPal or the relevant Acquiring Institution (as the case may be). Merchant agrees to not give, transfer, assign, novate, sell, resell (either partly or in whole) the Pro Materials to any person.

## 7. Banking terms for Card Transactions

1. PayPal utilises services from banking partners in processing Card Transactions, including both direct payments to you from a card as well as Card Transactions that fund a PayPal payment to you. The **Commercial Entity Agreements** apply in relation to those services. In accepting this Agreement, you also accept the **Commercial Entity Agreements**, which form part of this Agreement. A copy of the Commercial Entity Agreements can be obtained from the Legal link at the bottom of a PayPal web page.

## 8. Termination and suspension

1. **By you.** You may terminate this Agreement by doing either of the following:
  1. Giving 10 days' notice to PayPal Customer Service on of your intent to terminate this Agreement. PayPal Customer Service will confirm termination via email. This option lets you stop using your Product and paying for it, but your PayPal Account remains open and its User Agreement remains in effect.
  2. Closing the PayPal Account that you use with your Product (see the User Agreement for more information).
2. **By PayPal.** PayPal may terminate this Agreement by doing any of the following:
  1. Giving you 2 months' notice by email to you at your registered email address associated with your Account of PayPal's intent to terminate this Agreement. Unless otherwise notified, terminating this Agreement does not affect your User Agreement and your PayPal Account remains open.
  2. Terminating the User Agreement that applies to the PayPal Account used with your Product.
3. **By events.** PayPal may terminate this Agreement immediately without notice if you:
  1. Breach this Agreement or the User Agreement;
  2. Become unable to pay or perform your obligations as they fall due;
  3. Become unable to pay your debts (within the meaning of section 123 of the Insolvency Act 1986), admit your inability to pay your debts or otherwise become insolvent;
  4. Have any distraint, execution, attachment or similar action taken, levied or enforced against you or your assets, or if any garnishee order is issued or served on you;
  5. Become the subject of any petition presented, order made or resolution passed for the liquidation, administration, bankruptcy or dissolution of all or a substantial part of your business, except where solvent amalgamation or reorganisation is proposed on terms previously approved by PayPal,
  6. Lose full and unrestricted control over all or part of your assets because of the appointment of a receiver, manager, trustee, liquidator or similar officer;
  7. Enter into or proposes any composition or arrangement concerning your debts with your creditors (or any class of its creditors);
  8. A material adverse change occurs in your business, operations, or financial condition; or

9. You provide inaccurate information in applying for your Product or in your dealings with us.
4. **Effect of termination.** When this Agreement terminates, you must immediately stop using your Product, and PayPal may prevent or hinder you from using it after termination. If you nevertheless use a Product after termination of this Agreement, then this Agreement will continue to apply to your use of that Product until you give effect to the termination by stopping your use of that Product. The following clauses in this Agreement shall survive termination of this agreement and continue in full force and effect: Clauses 2, 4(1) 8(2), 8(4). Termination of this agreement shall not affect any rights, remedies or obligations of the parties that have accrued or become due prior to termination, and you will not be entitled to a refund of any Monthly Fee paid prior to termination.
5. **Breach and suspension.** If you breach this Agreement, the User Agreement, or a security requirement imposed by PCI DSS, PayPal may immediately suspend your use of your Product (in other words, we may render your Product temporarily inoperable). PayPal may require you to take specified corrective actions to cure the breach and have the suspension lifted, although nothing in this Agreement precludes PayPal from pursuing any other remedies it may have for breach. In addition, if PayPal reasonably suspects that you may be in breach of this Agreement or PCI DSS, PayPal may suspend your use of your Product pending further investigation.

If PayPal suspends your access to or use of PayPal Hosted Solution, PayPal will notify you and explain the basis of PayPal's actions in suspending your use of your Product, and may specify corrective actions to cure the breach and have the suspension lifted. PayPal's suspension of the Merchant's access or use of PayPal Hosted Solution will remain in effect and until such time as PayPal is satisfied that the Merchant has remedied the applicable breach(es).

## 9. Miscellaneous

1. **Future of the Products.** PayPal retains sole and absolute discretion in determining (a) the future course and development of the Products, (b) which improvements to make in them and when, and (c) whether and when defects are to be corrected and new features introduced. PayPal welcomes feedback from users in planning the future of the Products but is not required to act in accordance with any feedback received. In giving us feedback, you agree to claim no intellectual property interest in your feedback.
2. **No warranty.** Your Product and all accompanying documentation are provided to you on an "as is" basis. PayPal does not give or offer any warranty, express or implied, by operation of law or otherwise, in relation to your Product, the licensed software or user documentation provided. Nothing provided by PayPal under this Agreement or otherwise for your Product has PayPal's authorisation to include a warranty, and no obligation or liability will arise out of PayPal's rendering of technical, programming or other advice or service in connection with any Product, licensed software and user document provided (including, without limitation, services that may assist you with the customisation of your Product). PayPal recommends that you test the implementation of your Product thoroughly as PayPal is not responsible for any loss caused by a defect in it.

If PayPal hosts your Product (in other words, we run the software for you as a web service), PayPal does not guarantee continuous, uninterrupted or secure access to your hosted Product. PayPal will not be liable for any delay or failure in hosting your Product. You acknowledge the availability of your Product for use may be occasionally limited to allow for repairs, maintenance or the introduction of new facilities or services.

3. **Indemnity.** You agree to indemnify PayPal and keep PayPal fully indemnified on a continuing basis from any direct loss, damage and liability, and from any claim, demand or cost (including reasonable attorneys' fees) incurred in relation to any third party (including a Shared Customer) and arising out of your breach of this Agreement, the User Agreement and the documents incorporated in it by reference (including the Acceptable Use Policy), or the violation of any law.
4. **PayPal Hosted Solution and your intellectual property.** You hereby grant to PayPal a royalty-free, worldwide non-exclusive licence to use your or any of your affiliates' names, images, logos,

trademarks, service marks, and/or trade names as you may provide to PayPal when using the Products ("Your Marks") for the sole purpose of enabling your use of the Products (including, without limitation, the customisation of your hosted Product). Title to and ownership of Your Marks and all goodwill arising from any use hereunder will remain with you. You represent and warrant that you have the authority to grant PayPal the right to use Your Marks and you shall indemnify PayPal and keep PayPal fully indemnified on a continuing basis from any claims or losses suffered by it arising from the use of Your Marks in connection with the Products.

5. **Assignment, amendment and waiver.** You may not assign this Agreement without first obtaining PayPal's written consent. PayPal may assign, novate or otherwise transfer this agreement without your consent by notifying you. Neither party may amend this Agreement or waive any rights under it except in a written document signed by both parties.
6. **English law and jurisdiction.** This Agreement is governed by English law. The parties submit to the non-exclusive jurisdiction of the courts of England and Wales.

## 10. Definitions

Capitalised terms not listed in this clause are defined in the User Agreement.

1. **3D Secure:** A security procedure that enables a card-issuing bank to authenticate the cardholder authorising a Card Transaction at the time a payment is made. 3D Secure has other brand names depending on the Card Association whose branding appears on the card; brand names for 3D Secure include Verified by Visa and MasterCard SecureCode.
2. **Account Nationality:** The "Account Nationality" of a PayPal Account is the same as that of the bank account into which PayPal E-money is withdrawn (redeemed). For example, if a Spanish bank account is registered as the account into which PayPal E-money is withdrawn, then the Account Nationality of the PayPal Account from which that redemption occurs is Spanish. A PayPal Account from which E-money is withdrawn into a German bank account would be German, even though a German and Spanish Account would both be denominated in the same currency (Euros).
3. **Acquiring Institution:** means a financial institution or bank that provides services to you and PayPal to enable you to (a) accept payment by cardholders using cards: and (b) receive value in respect of Card Transactions.
4. **Activation Date:** The date on which you complete all of the steps for "Getting started" as listed in clause 1(1) above.
5. **Advanced Fraud Management Filters :** Technology provided by PayPal to enable you to (a) check a card payment against criteria such as the cardholder's billing address (Address Verification Service or AVS), the card's CVV2 Data, and databases of suspicious addresses, identifiers, and patterns. See the PayPal Website and product documentation for further information. Advanced Fraud Management Filters offer a greater level of transaction screening, and transactions can be automatically flagged, reviewed or declined based on how you configure the filters.
6. **AVS Data:** Information returned by the Address Verification System operated by or on behalf of Card Associations, which compares address data provided by an apparent cardholder with address data on file for the card at the card issuer.
7. **Card Association:** A company or consortium of financial institutions which promulgates rules to govern Card Transactions that involve the card that carries the company's or the consortium's brand. Examples include Visa USA, Visa Europe, and the other Visa regions; Mastercard International Incorporated; American Express Company and similar organisations.
8. **Card Data:** All personal or financial information relevant to a Card Transaction, including information recorded on the card itself (whether in human-readable form or digitally), together with the cardholder's name and address and any other information necessary for processing a Card Transaction.
9. **Card Transaction:** A payment made using a credit or debit card, an American Express card, or any other payment method using a physical data-carrying item intended to be held in the payer's

possession. The Products support only certain types of Card Transactions; see the PayPal Website for more information.

10. **Critical Systems:** The information technology (both hardware and software) that you employ to operate your Products, to protect them and your online points of sale against intrusion and interference, and to store payment-related and personal data, including any Card Data that you retain and all personal data about Shared Customers.
11. **CVV2 Data:** The three-digit number printed to the right of the card number in the signature panel area on the back of the card. (For American Express cards, the code is a four-digit unembossed number printed above the card number on the front of the American Express card.) The CVV2 Data are uniquely associated with each individual plastic card and ties the card account number to the plastic.
12. **Data Breach:** An intrusion into or malfunction of a computer system in which Card Data are stored, and which intrusion or malfunction either (a) exposes, modifies or destroys all or part of the Card Data in the system, or (b) runs a significant risk, in the opinion of a qualified expert in information security, of exposing, modifying or destroying all or part of the Card Data in the system. Card Data are exposed where they are released from the normal access controls of the system without authorisation, or where they are actually disclosed to one or more unauthorised persons.
13. **Data Protection Directive:** European Union Directive 95/46/EC or any successor to it, together with all other laws about the privacy of citizens or residents of the member state of the European Economic Area in which you reside or are established as a business enterprise.
14. **Direct Payments API:** Functionality for performing credit and debit card transactions, where the card details are entered online by the cardholder.
15. **Express Checkout:** Functionality for expediting online retail checkout by using information provided to you by PayPal. Details about Express Checkout appear on the [PayPal Website](#) and in the documentation that PayPal provides for Hosted Solution.
16. **Hosting Option:** As defined in 1(1) above.
17. **Monthly Fee:** A fee payable on a monthly basis as required in clause 2 above.
18. **Online Card Payment Services:** Functionality provided online by PayPal to enable merchants to receive payments directly from a payer's card (without the funds passing via the payer's PayPal Account), without the card being present at the website or other point of sale. Online Card Payment Services are integral to the Products such as Hosted Solution and eTerminal.
19. **PayPal Hosted Solution:** PayPal's Direct Payments API integrated into the payment process of your website pursuant to clause 1(1), with that API being operated entirely on PayPal's server (rather than on your website).
20. **PayPal Website:** The website provided by PayPal for the country in which you reside. In the case of France, the PayPal Website is currently at <http://www.paypal.fr>. References to PayPal Websites for other countries can be found via a link from any other PayPal Website.
21. **PCI DSS:** Payment Card Industry Data Security Standard, which consists of specifications prescribed by Card Associations to ensure the data security of Card Transactions. A copy of PCI DSS is available online from <https://www.pcisecuritystandards.org/>.
22. **Product:** "Your Product" means whichever one of the Products you access and use after accepting this Agreement.
23. **Qualified Security Assessor** has the meaning given it in PCI DSS.
24. **Recurring Payments Tool:** Technology provided by PayPal for setting up payments that recur at specified intervals or frequencies with authorisation from the payer. See the PayPal Website and product documentation for further information.
25. **Shared Customer:** A person who both has a PayPal Account and is also your customer.
26. **Standard PayPal Payments:** All Payments which you receive from another PayPal account or payments via PayPal's Account Optional Service.
27. **User Agreement:** The contract entered into online as part of the online registration process required to open a PayPal Account. The current User Agreement is to be found via a link from the footer of nearly every page on the PayPal Website. It includes certain policies, notably the Acceptable Use Policy and Privacy Policy, which are also listed on the PayPal Website.

28. **eTerminal:** Functionality provided by PayPal to enable you to receive a card payment by manually entering Card Data given you by the cardholder. eTerminal is one of the Online Card Payment Services.

## **Schedule 1**

### **Data Security**

PayPal Hosted Solution and eTerminal enable you to accept payments online directly from debit and credit cards, which are payment instruments whose security depends on controlling the disclosure of Card Data. A person who has sufficient Card Data can send or receive a card payment charged to the cardholder's account without necessarily having the cardholder's authorisation for the payment. To prevent your Shared Customers from having their Card Data misused, you must keep Card Data secret at all times. Laws transposing the Data Protection Directive also require you to keep a Shared Customer's personal data secure.

PayPal strongly recommends that you obtain the services of a competent professional expert in information security to advise you and assist in securing your website and any other points of sale.

#### ***Principles of Data Security***

1. **Design and development.** You must design and develop your Critical Systems and all payment-related processes so that they are secure from intrusion and interference by unauthorised persons. All users of your systems must be required to authenticate themselves to your Critical Systems, and those Systems must limit the access and powers of their users. You must also organise your business so as to segregate critical duties and create controls and checkpoints in your operations, rather than place too much unchecked power over your systems and operations in one person. Never give a user more power over your systems and processes than the minimum necessary for the user to perform his or her assigned role.
2. **Protection against intrusion.** You must divide your operations into two basic categories, (1) those functions available to all users including those outside your organisation, and (2) those available only to trusted people within your organisation. You must employ a firewall to block untrusted users from the using internal-only functions of your Critical Systems. Your web servers and other external-facing portions of your Critical Systems must use well developed and thoroughly tested technology, and make available externally only those functions which are necessary for Shared Customers and other external users to use. Strip your external-facing servers of all superfluous functions to protect (harden) them and reduce their vulnerability to external attack.
3. **Access controls.** Your Critical Systems must restrict access to Card Data and all other personal or important data to only trusted persons within your organisation, and no such person should have greater access to such data than is necessary for that person to perform his or her role. Your systems must track and log all access, use, modification and deletion of Card Data and other personal or important data so that you maintain an audit trail of all such actions. You must also limit access to your Critical Systems and the resources on which they depend such as networks, firewalls, and databases.
4. **Data minimisation.** As a general principle, you should gather and retain no more Card Data or other sensitive data than you need. Holding Card Data and personal data creates a risk of

liability to you, and you can reduce that risk by taking and holding less data. If you store Card Data, consider carefully the need to do so: PayPal must refund a payment which lacks its payer's authorisation, and if the user will authorise a further payment, the user will generally also give you up-to-date Card Data again, so you may have little need to store Card Data for future use. Card Data that you do not have is data that you cannot spill if you suffer a Data Breach.

5. **Changes and testing.** Except in emergencies, avoid changing Critical Systems without first planning, testing, and documenting the change, unless the change is routine (e.g. adding a user, changing a password, updating inventory and prices). For major systemic changes or those which can impact the security or availability of your Critical Systems, planned changes should be escalated for approval by high-ranking managers other than the planners of those changes. Implement planned changes in your production systems only after they have been thoroughly tested in a non production environment. Conduct all such testing under the supervision of the your risk management department or others in your company with particular responsibility for its losses.
6. **Audits.** You must audit the operations and security of your Critical Systems at least once a year. This systems audit must be distinct from any audit of your finances. Use trusted and independent experts to audit your Critical Systems, and if you use your employees as auditors, ensure their independence by protecting their employment from retaliation and by isolating them from the work of administering, operating, changing and testing your Critical Systems.
7. **Outsourcing and organisational control.** You must ensure that all persons who have access to your Critical Systems, or who design, develop, operate, maintain, change, test and audit your Critical Systems comply with this Agreement and PCI DSS. You are responsible to ensure compliance even if such persons are not your employees.

#### ***What to do in case of a Data Breach***

8. **Data Breach.** If you experience a Data Breach, you agree to do all of the following:
  - a. Take whatever action you can to stop the Data Breach and mitigate its consequences immediately after discovering the Data Breach.
  - b. Notify PayPal as soon as possible after discovering the Data Breach by contacting your account manager (if one is assigned to you) or contacting our Customer Service (details of how to contact us are on the "[Contact Us](#)" page). If you cannot simultaneously do (a) and notify PayPal, then do (a) first and then notify PayPal.
  - c. Notify all Shared Customers whose Card Data has been exposed or which is likely to have been exposed, so that those Shared Customers can take steps to prevent misuse of the Card Data. You further agree to complete this notification immediately after you perform (a) and (b) above, to notify PayPal when you have completed this notification, and to provide a list of Shared Customers whom you have notified. If you fail to complete this step promptly after the Data Breach, PayPal may notify Shared Customers of the Data Breach, and will identify the Shared Customers from your PayPal Account records of who has paid you using a card.
  - d. If requested by PayPal, have an independent third party auditor, approved by PayPal, conduct a security audit of your Critical Systems and issue a report. You agree to comply with PayPal's request under this clause at your own expense. You must provide a copy of the auditor's report to PayPal, and PayPal may provide copies of it to the banks (including, without limitation, Acquiring Institutions) and Card Associations involved in processing card transactions for PayPal. If you do not initiate a security audit with 10 business days of PayPal's request, PayPal may conduct or obtain such an audit at your expense. See also Schedule 1 on Audit.
  - e. Cooperate with PayPal and follow all reasonable instructions from PayPal to avoid or mitigate consequences of the Data Breach, to improve your Critical Systems so that they satisfy the requirements this Agreement, and to help prevent future Data Breaches. However, PayPal shall not require you to do more than this Agreement requires, unless the additional measures are reasonable in light of the risk to Shared Customers and the best practices of online retailing.

- f. Resume normal operation of your Critical Systems only when you have ascertained how the Data Breach occurred and taken all reasonable steps to eliminate the vulnerabilities that made the Data Breach possible or which could make other Data Breaches possible;
- g. Report the Data Breach to law enforcement authorities, cooperate in any investigation that they undertake, and cooperate as the authorities may request in order to identify and apprehend the perpetrator of the Data Breach.
- h. Refrain from using Card Data that have been exposed or modified in the Data Breach. However, this clause does not prevent you from obtaining and using Card Data again from Shared Customers affected by the Data Breach, after the vulnerabilities in your Critical Systems have been remedied pursuant to (f) above.

### ***Data protection***

9. **You as data controller.** You confirm that you are the data controller (as defined in the Data Protection Directive) for all personal data of Shared Customers that you collect and store.
10. **Your compliance with European privacy laws.** You agree to comply with all applicable laws and regulations, including without limitation, the laws of your country that transpose the Data Protection Directive or any successor to it and any rules or guidance by the data protection regulator of your country.

### ***Card Data and PCI DSS***

11. **Retention of Card Data.** Unless you receive and record the express consent of the cardholder, you may not retain, track, monitor or store any Card Data. You must completely and securely destroy all Card Data that you retain or hold within 24 hours after you receive an authorisation decision from the issuer relevant to that Card Data.

If, with the cardholder's consent, you briefly retain Card Data, you may do so only to the extent that the Card Data are necessary for processing payment transactions with the cardholder's authorisation. You must never give or disclose the retained Card Data to anyone, not even as part of the sale of your business. Moreover, and regardless of anything to the contrary, you must never retain or disclose the card verification and identification data printed in the signature stripe on the back of the card (i.e. the CVV2 Data), not even with the cardholder's consent.

12. **Card Data that you must not store.** Notwithstanding the immediately preceding clause, you agree to not store any personal identification number (PIN) data, AVS Data, CVV2 Data, or data obtained from the magnetic stripe or other digital storage facility on the card (unless that data is also printed or embossed on the front of the card) of any cardholder. Card associations may impose fines if you violate this clause, which reflects card association rules. In this clause, 'store' means retain in any form, whether digital, electronic, paper-based, or otherwise, but does not include temporary capture and holding of data while it is actively being processed (but not afterwards).
13. **Merchant's use of Card Data.** You agree not to use or disclose Card Data except for the purposes of obtaining authorisation from the card issuer, completing and settling the Card Transaction for which the Card Data was given to you, together with resolving any Chargeback or Reversal Dispute, or similar issues involving Card Transactions. PayPal is required by banking laws to refund payments lacking the payer's authorisation, so your use of Card Data to carry out a Card Transaction must be authorised by the cardholder or it will subject to Reversal.
14. **Secure storage and disposal of Card Data.** You agree to:

1. establish and maintain sufficient controls for limiting access to all records containing Card Data;
2. not sell or disclose to a third party any Card Data or any information obtained in connection with a Card Transaction;
3. keep no Card Data on paper or in portable digital storage devices such as USB memory devices or removable disks;
4. not reproduce