

**TBC Bank JSC proposes the following amendments/additions to the General Provisions of the POS Terminal Service Agreement (hereinafter referred to as the “General Provisions”) published on the Bank’s website <https://tbcbank.ge/ka/agreements> in line with Paragraph 1.3 of the Key Terms and Conditions of the POS Terminal Service Agreement published on the Bank’s website:**

**1. Amend Sub-Paragraph 2.2.1.29 of Article 2 of the General Provisions to read as follows:**

„2.2.1.29 Return the POS terminal(s) and all the related accessories stipulated in the Acceptance and Delivery document in their original condition, with normal wear and tear, in the event that the service envisaged by the Agreement is cancelled / the Agreement is cancelled or the Bank demands the return of the POS terminal(s) and the related accessories on any other grounds whatsoever (by sending a notification as stipulated in this Agreement).

**2. Amend Sub-Paragraph 2.2.1.30 of Article 2 of the General Provisions to read as follows:**

„2.2.1.30 If a POS terminal is physically damaged, compensate the Bank in full for the cost of repairs. Unless the Company compensates the Bank for the full cost of repairs within the term set by the Bank, the Bank shall be entitled to impose a penalty on the Company in an amount equal to the expenses incurred by the Bank for the repair of the POS terminal and, if the Company fails to pay the penalty, draw the penalty amount by direct debit (without the Company’s further consent and/or without any further notice) from any of the Company’s accounts (with currency conversion, if necessary, based on the FX rate as of the date of debiting).”

**3. Amend Sub-Paragraph 2.2.1.31 of Article 2 of the General Provisions to read as follows:**

„2.2.1.31 If the POS terminal is not returned/is lost, the Bank is entitled to impose a penalty on the Company in an amount equal to the residual value of the POS terminal (established based on the market value, with normal wear and tear considered) and, if the Company fails to pay the penalty, the Bank is entitled to draw the penalty amount by direct debit (without the Company’s further consent and/or without any further notice) from any of the Company’s accounts (with currency conversion, if necessary, based on the FX rate as of the date of debiting). If the Company returns the POS terminal to the Bank after it pays the penalty referred to herein / after the penalty amount is debited from the Company’s account(s), the Bank will accept the POS terminal (and will return the amount of the penalty paid by the Company/debited from the Company’s account(s)) only provided the Bank assesses the functioning of the POS terminal and determines that its condition corresponds to the amount of the penalty charged (paid/debited), and less than 6 (six) months have elapsed since the date the penalty was paid / was drawn by direct debit.”

**4. Amend Sub-Paragraph 2.2.1.32 of Article 2 of the General Provisions to read as follows:**

„2.2.1.32 If POS terminal accessories stipulated by the Acceptance and Delivery document are lost, the Bank is entitled to impose a penalty on the Company in an amount equal to the value set forth in the Acceptance and Delivery document, and if the Company fails to pay the penalty, draw the penalty amount by direct debit (without the Company’s further consent and/or without any further notice) from any of the Company’s accounts (with currency conversion, if necessary, based on the FX rate as of the date of debiting).

**5. Amend Annex 4 of the General Provisions to read as follows:**

#### **„Annex #4**

1. This Annex defines/sets out the detailed rules/terms and conditions for activating the pre-authorization feature for the Company / for the Company's use of pre-authorization. Furthermore, the Annex defines the general framework of actions/steps to be taken by the Company in the course of pre-authorization, as well as recommendations/points for consideration to ensure secure pre-authorization.
2. The pre-authorization feature will be activated/enabled upon the Bank's review and approval of the relevant application form submitted by the Company.
3. Under this Agreement, pre-authorization is defined as placing a temporary hold on a transaction amount, to be followed by full or partial completion of the pre-authorization by the Company or the release of the hold (return of the amount to the customer's account). Unless the Company completes preauthorization (captures the pre-authorized amount) or releases the transaction amount within 30 (thirty) calendar days of placing the pre-authorization hold, the transaction amount will be released/returned to the customer's account automatically.
4. The Company is obliged to follow rules set out in this Annex while performing pre-authorization, accept pre-authorized payments using cards issued by international payment systems, and conduct all the procedures using a POS terminal.
5. Steps/actions set out in this Annex (placing a pre-authorization hold and completing the pre-authorization) can be performed by the Company's duly authorized employee. Furthermore, customer card details (in particular, the card number and the validity date) shall only be accessible to the Company's authorized representatives and person(s) or Company employees who have been granted the appropriate authority by the Company.
6. If the Company or the persons referred to in Paragraph 5 of this Annex violate the rules/terms and conditions/requirements set out herein, the Bank will not make pre-authorization settlement with the Company and/or shall not be obliged to pay the transaction amount to the Company's account.
7. The Company agrees that the Bank is entitled to charge an amount equivalent to the loss(es) incurred by the Bank as a result of chargeback(s) to the Company's account(s), by direct debit and without the Company's further consent, and, if necessary, convert the debited amount at the Bank's FX rate on the day of debiting.
8. Pre-authorization is performed using POS terminals and cards issued by international payment systems, and consists of the following steps:
  - Initiating a pre-authorization (placing a temporary hold on the transaction amount);
  - Pre-authorization Completion (a pre-authorization must be completed either on the full amount placed on hold or its less part).
  - An option to cancel an initiated pre-authorization (prior to or after the end of the POS operating day) as well as a completed pre-authorization (only prior to the end of the POS operating day).
9. If operations under pre-authorization – the placing / release of a preauthorization hold, charging the customer a penalty fee/fine / accepting the advance/the service cost from the customer / full or partial release/return of the amount placed on hold to the customer's account – are executed without the customer physically present at the Company (i.e. in case of card-not-present transactions), the Company must follow all the requirements set out below:
  - Inform the customer about the terms of service (including the penalty fee(s)/fine(s) set by the Company for customers);
  - Execute a pre-authorization only after the Company obtains the customer's consent via electronic or telephone communication;
  - Keep strictly confidential the card details and other personal data submitted by the customer to the Company;
  - Not execute a pre-authorization on a transaction for which the customer has not provided their consent;
  - Not complete a pre-authorization if the pre-authorization request has been rejected.

10. For the purposes set out in Paragraph 9 of this Annex, it is recommended that the Company draft a consent statement template to be completed and submitted by customers. The consent statement should include the description and terms of the service(s) offered by the Company, as well as the required data fields to be filled in by the customer:
- The customer's name and surname;
  - The number and the issuing country of the customer's identification document (the ID card / international passport / driver's license, etc.);
  - The payment card number;
  - The expiry date of the payment card;
  - The customer's check-in date;
  - The length of the pre-authorization hold;
  - The type of service for which the customer is applying;
- The customer's signature;
- Furthermore, the customer's consent statement (executed in writing) must indicate that the customer (*the customer's name and surname*) agrees to the terms offered by the Company and authorizes the Company to place a hold on or charge an amount equivalent to the price of service(s) in question (*one or several services*) to the customer's card (*the card number and expiry date*) without the customer's physical presence (i.e. as a card-not-present transaction).
- Along with the consent statement (executed in writing), the customer may also submit to the Company a photocopy of both sides of their payment card.
11. If the pre-authorization feature is enabled, the following operations can be performed on a POS terminal:
- Initiating a pre-authorization (placing a hold on funds on the card by entering the card number manually or by presenting the card (tapping the card over a POS terminal)).
  - Pre-authorization completion (capturing the amount on hold or its less part).
  - An option to cancel an initiated pre-authorization (prior to or after the end of the POS operating day) as well as a completed pre-authorization (only prior to the end of the POS operating day).
12. The Company is entitled to complete a pre-authorization within 30 (thirty) days from the date of initiation. If a pre-authorization is not completed within the mentioned term, the amount placed on hold will be automatically released and made available to the customer. If the customer intends to receive services from the Company for more than 30 (thirty) days, a pre-authorization must be initiated for the full price of the service for which the customer applies and completed upon 30 (thirty) days from the date it was initiated for an amount equal to the price of service received by the customer over the mentioned period. A new pre-authorization must be initiated for the remaining amount which will be active for the next 30 (thirty) days. The Company shall retain the pre-authorization receipt(s) for at least 6 (six) months after completion.
13. At the stage of pre-authorization completion, an amount other than the pre-authorized one can be charged to the customer's card (relevant examples are provided in Paragraph 17 of this Annex). If the price of the service received by the customer is lower than the pre-authorized amount, the pre-authorization must be completed for an amount equal to the price of the service provided. If the provided price of the service is higher than the initially pre-authorized amount, the initial pre-authorization must be completed and a new one must be initiated for the remaining amount or, (i.e. in case of a card-present transaction), the outstanding amount must be charged from customer's card. The printed receipt must necessarily contain the customer's / the cardholder's signature.
14. While placing a hold on an amount, the Company shall inform the customer of the details, specifically:
- The amount on hold;
  - The duration of the hold;
  - The final release / cancellation date;
  - The fee payable by the customer for the release of the funds on hold;

Furthermore,

- If the customer violates the term and/or conditions of the hold, the fee payable to the Company must not exceed the amount of which the Company informed the customer in advance;
- The Company must obtain from the customer the consent statement (executed in writing) described in Paragraph 10 of this Annex with all the necessary data;
- In case of the customer's cancellation of the service or no-show / failure to appear on the agreed date, the Company will charge the pre-authorized amount (complete the pre-authorization on the customer's card). The charged amount must not exceed the amount of which the Company informed the customer in advance.
- The Company shall provide the customer with a copy of the receipt and service cancellation terms and conditions by email within 3 (three) business days of pre-authorization completion.

14.1 Paragraph 21 of this Annex additionally defines actions/steps to be taken by the Company, as well as recommendations/points for consideration to ensure secure pre-authorization.

15. If the company discovers late that the customer has not paid for additional services (e.g. mini bar, fitness hall, etc.), the amount of the delayed and amended charges must be preauthorized within 30 (thirty) days of the customer's payment.
16. The Company is obliged to return to the customer, by issuing a credit transaction receipt, the amount that has been placed on pre-authorization hold or charged through pre-authorization, either fully or in part, in the following cases:
  - The customer was overcharged;
  - The customer should not have been charged for a certain service.

Terms and conditions when processing a refund

- Refunds available to the card from which the original charge was made.
  - It is possible to process the cancellation of initiated pre-authorizations (before and after the end of the POS operating day) as well as completed pre-authorizations (only after the end of the POS operating day) via a POS terminal;
  - A completed pre-authorization can be cancelled prior to the end of the operating day only;
  - For the refund to be processed after the end of the operating day, the Company shall apply to the Bank with a refund request in writing (by visiting the Bank's branch or via a remote channel (by sending a message via the internet bank) (the application must include transaction details (amount, date, authorization code, the last 4 digits of the card (the details displayed on the receipt))).
17. Relevant information to be taken into account:
- Card details (card number, expiry date) must be entered correctly while initiating a card-not-present pre-authorization;
  - Preauthorization completion can be performed once only, for the amount on pre-authorization hold or a smaller amount;
  - An example of pre-authorization: if a pre-authorization was initiated for a 200 (two hundred) GEL but the total amount payable by the customer exceeds the sum (e.g. amounts to 300 (three hundred) GEL), the initiated pre-authorization must be completed for the amount placed on hold (200 (two hundred) GEL), and a new pre-authorization must be initiated for the outstanding 100 (one hundred) GEL, if the client is not physically present at the checkout (i.e. in case of a card-not-present transaction);
  - Another example of pre-authorization: if a pre-authorization was initiated for a 200 (two hundred) GEL but the total amount payable by the customer is lower than the amount placed on hold (e.g. 100 (one hundred) GEL), the pre-authorization must be completed for the lower amount (100 (one hundred) GEL);
  - Pre-authorization completion must only be performed on the POS terminal on which it was initiated (on which the amount was placed on hold);

- A pre-authorization hold can be cancelled before as well as after the end of the operating day;
- To cancel a preauthorization hold after the end of the operating day, the Company must apply to the Bank (via internet bank, by visiting the Bank's branch or calling the hotline: 2272730);
- A pre-authorization must be completed on the same card on which it was initiated.

18. Pre-authorized transactions are subjects to limits set by the Bank. The Bank informs the Company of these limits via remote channels (the Internet Bank).
19. The provisions included in this Annex are special terms/conditions for pre-authorizations to be executed by the Company. This Annex regulates the relations associated with the Company's use of the pre-authorization feature, while all other document(s)/agreements(s)/annex(es) signed /validated by the Company that have been aimed to regulate the use of the pre-authorization feature shall be deemed cancelled. Nevertheless, if a similar document/agreement/annex prescribes pre-authorization limit(s) for the Company / sets out limit(s) negotiated with the Company, this/these limit(s) shall remain valid.
20. The Bank is entitled to amend the pre-authorization limits set for the Company either subject to mutual agreement with the Company or unilaterally (in compliance with the rules/terms set out in this Agreement). Furthermore, the Bank is entitled to notify the Company of amendments to the limit(s) via remote channels (including the Internet Bank).
21. This Paragraph sets out the general framework of actions/steps to be taken by the Company in the course of the pre-authorization process, as well as recommendations/points for consideration to ensure secure pre-authorization:

- **Notifying the cardholder of the amount to be pre-authorized:**

- The Company must provide the cardholder, by written notice (including via email), with information on the estimated amount within which the pre-authorization will be executed, and must obtain the cardholder's written confirmation (including via email) of the specified amount prior to initiating the pre-authorization. Furthermore, if a pre-authorization hold is processed (a reservation/booking is accepted) based on a telephone conversation, the Company shall provide the cardholder, likewise in writing (including by email), with detailed information/explanations regarding the reservation/booking that is valid for 24 hours and obtain the cardholder's consent statement executed in writing.
- The Company is obliged to inform the cardholder by email regarding the available currency options and/or provide them with / explain calculation details/rules based on relevant example(s)/formula(e).
- The Company is required to allow/offer the customer a 24-hour period in which the customer may cancel their reservation without any further charge/fee. If the cardholder does not cancel their reservation within the period allowed / offered by the Company, the Company shall retain the reservation for 24 hours from the time of booking.

- **Amended or Delayed Charges**

- The Company must provide the customer with information/document(s) about delayed charges in writing (including by mail). In particular:
  - ✓ In case of loss/damage - the Company must provide the customer with the following documents within 10 (ten) business days of the customer's return of the item / checkout, before the transaction is processed/the amount is charged:
    - The amended pre-authorization receipt;

- A detailed account of delayed charge(s) explicitly indicating the cardholder's connection with the item/service delivered;
- In case of vehicles – documentary proof of damage issued by the law enforcement authority and/or the insurer; in case of other items/services – any documentary proof of damage;
- Documentary proof issued by the insurer attesting to the amount of damage/loss and establishing its connection to the cardholder (the cardholder's liability).
- ✓ In case of delayed charge(s) due to any other reasons:
  - A transaction receipt featuring delayed charges;
  - Documentary proof of the amount of delayed charges (for example, in case of parking and traffic violations – document(s) featuring the vehicle's state registration number, time/place of violation and the amount of fine in the state currency);
  - The Company must provide the document(s) within 10 (ten) days of authorization completion.
- The Company is not entitled to charge the cardholder additionally (for the damages/loss incurred) without the cardholder's consent provided in writing (including by email).

- **Recommendations against chargebacks:**

- The Company must execute an agreement with the cardholder, under which the cardholder will consent to pre-authorization completion for the services rendered and/or loss/damaged caused;
- The Company must notify the cardholder in a form/within a period set out in this Annex;
- The transaction must be authenticated (e.g. by PIN entry, the cardholder is physically presented with physical card) during the execution/completion of the pre-authorization.
- If the customer is physically present at the checkout (i.e. in the case of a card-present transaction), the authorization must be completed by the customer through using their card at a POS terminal and entering the PIN.

- **Point for Consideration/Recommendations:**

- ✓ If a pre-authorization hold is applied at the time of executing an agreement with the cardholder, the Company is entitled to charge/capture the pre-authorized amount (complete the pre-authorization) in compliance with the terms of the agreement;
- ✓ If the agreement between the Company and the cardholder has already been executed / if the Company has the cardholder's card details, and a pre-authorization is initiated/completed upon detecting damage/loss, the Company must provide the cardholder with relevant information/documentation and charge the amount only upon obtaining the cardholder's consent (including via email). The cardholder shall not be charged solely on the basis of the agreement executed with the Company / the Company's holding of the cardholder's card details, unless the cardholder consents there to;
- ✓ Regardless of the term indicated in this Agreement, the maximum pre-authorization hold period is set for companies according to their field of activity, starting from the date of initiating a pre-authorization:
  - 30 calendar days:

Companies operating in sectors such as cruise services, reservation platforms, transportation rentals, hotels, motels, spas/recreational facilities;

- 10 calendar days:

Companies engaged in the rentals of aircraft, cycles, electric scooters, boats, clothing & costume (festive/thematic, etc.), DVDs & video equipment, furniture, tools & gear, hauling equipment/mobile setup/mobile camping area rentals.

- 5 calendar days:

All other businesses.

22. The Bank is entitled to discontinue the provision of this service to the Company (is entitled to disable the pre-authorization feature) unilaterally, at its own discretion, and inform the company thereof by sending a message via internet bank.
23. The Company is entitled to request the cancellation of the service envisaged by this Annex by sending the Bank a termination notice via the Internet Bank. The Bank will discontinue the service (disable pre-authorization) since the day it receives the aforementioned message from the Company.
24. This Annex is an integral part of this Agreement and is subject to all the terms and conditions / articles / paragraph / provisions of the Agreement.“

6. **Amendments set forth in Points 1-4 of this document (Sub-Paragraphs 2.2.1.29-2.2.1.32 of the General Provisions) shall take effect 1 (one) month after their publication on the Bank's website, while the amendment provided in Point 5 (Annex 4 to the General Provisions) shall take effect after a period of 10 (ten) days.**