



Third Party Agent Due Diligence Risk Standards

Visa Supplemental Requirements

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Introduction to the Third Party Agent Due Diligence Risk Standards

Many Visa clients (“clients”) rely on Third Party Agents (“TPAs”) to increase their growth and revenue opportunities with minimal cost. A Third Party Agent is an entity that provides payment-related services, directly or indirectly, to a Visa client and/or stores, transmits, or processes cardholder data.

About the Third Party Agent Due Diligence Risk Standards

The *Third Party Agent Due Diligence Risk Standards* address the minimum responsibilities and requirements that Visa clients must follow when managing their relationships with TPAs. This is designed to help Visa clients:

- Understand their accountabilities and responsibilities to the Visa payment system.
- Clarify compliance requirements for client use of TPAs.
- Enhance control mechanisms to mitigate risk to the Visa system and comply with Visa rules and guidelines.
- Maintain the integrity of and minimize loss exposure to the Visa payment system, as well as ensure compliance with regulatory and legal requirements.

While Visa clients should refer to the *Visa Core Rules* and *Visa Product and Service Rules* for specific guidance regarding the management and control of agent relationships, this guide should be used in conjunction with the latest version of the Visa Rules.

About this Document

The *Third Party Agent Due Diligence Risk Standards* has been divided into four chapters, each with a different main focus and is organized as follows:

Section 1: Policies

Outlines procedures and rules to which clients must adhere and communicate to their TPAs, along with areas of oversight and control clients must address in their policies—including the minimum standards established by Visa to mitigate any risks that may be presented to the Visa payment system.

Section 2: Onboarding of Third Party Agents

Defines Visa’s minimum requirements and onboarding process, and clarifies relationship management obligations of clients with TPAs.

Section 3: Monitoring and Reporting

Highlights clients’ key risk responsibilities and accountabilities to monitor agent activities to ensure compliance with Visa requirements.

Section 4: Third Party Agent Termination

Clarifies the circumstances under which the clients have the right of termination for any significant circumstances that create harm or loss to the goodwill of the Visa payment system.

The *Third Party Agent Due Diligence Guide* must be administered during the registration process and throughout the lifetime of the agreement. Compensating controls may be used where applicable, and are subject to Visa approval.

Contact Information

For queries about agents, contact your regional Visa Risk representative:

- Asia Pacific, Central Europe, Middle East and Africa: Agents@visa.com
- North America: AgentRegistration@visa.com
- Latin America and the Caribbean: AgentRegistrationLAC@visa.com

Section 1. Policies

A risk management policy is essential to any Visa client's operation. It helps ensure that all employees understand management's direction and business objectives.

Clients are responsible to ensure that TPAs as well as their merchants or sponsored merchants are able to comply with the Visa Rules. In addition, TPAs and merchants must understand the client's policies and procedures to effectively fulfill their commitments to the clients.

Clients must implement a written policy to govern the underwriting, monitoring, and control of their TPAs, including Visa's minimum standards to control risk in the Visa payment system.

At a minimum, the client's policy must address oversight and control of client programs including the following:

- Program strategy
- Underwriting and monitoring
- Settlement, funding, and reserve requirements
- Data security standards
- Regulatory and legal compliance
- Training and Education

Section 2: Onboarding of Third Party Agents

A client that uses any agent must comply with all requirements, as stipulated by Visa Rules.

Requirements:

1. Perform a thorough background check on the agent and its principals.
2. Complete an adequate financial review of the agent which includes a review of current financials and an outside party review (i.e., Dunn & Bradstreet, Experian, Better Business Bureau, SSAFE16 or equivalent type of report), if available.
3. Check and review all current and previous acquiring and/or issuing business relationships of the agent, including all doing-business-as (DBA) or alternate names.
4. Review adequate policies, procedures, and controls established by the agent as they pertain to the business type. These policies, procedures, and controls may include clear and secure procedures for adding and deleting merchants, funding and reserves of cards, compliance with Visa Rules, local, country and regional laws or regulations, applicable anti-money laundering laws, and other regulatory requirements.
5. Confirm that the TPA has established an adequate and timely management and exception-reporting process that is accessible by the client.
6. Verify the TPA's statements about its type of business and its location. Whenever feasible, conduct a physical inspection of the business premises of a prospective agent to ensure that appropriate controls and business practices are implemented.
7. Register its TPAs with Visa prior to the performance of any contracted services or transaction activity.
8. An appropriate senior officer of the client must review all documentation and approve the agent. Approval must be based on sound business practices that will not compromise either the client or Visa, and may not be based solely on any purported limitation of the client's financial liability in any agreement with the agent.

Section 2: Onboarding of Third Party Agents (continued)

9. For High-Risk Internet Payment Facilitators (HRIPF), client must ensure that the HRIPF is required to report to the client:
 - Acquisition of new high-brand-risk sponsored merchants
 - Monthly transaction activity for all high-brand-risk sponsored merchants
10. Any agent that stores, processes, or transmits cardholder data must be registered with Visa and validate Payment Card Industry (PCI) Data Security Standards (DSS) compliance. Clients are held responsible for their agents' initial compliance and ongoing revalidation. If the agent is in the process of becoming PCI DSS compliant, the client can still register the agent; however, the client must confirm that the agent has contracted with a Qualified Security Assessor (QSA) and has an expected date of compliance or is in the process of completing a PCI DSS Self-Assessment Questionnaire (SAQ D).
11. If an agent (ISO, ESO, or TPS PIN) deploys ATM, POS, or kiosk PIN-acceptance devices that process and accept cardholder PINs and/or manage encryption keys, the client must ensure that the on-site review of the agent's PIN security controls is conducted to validate compliance with the PCI PIN Security Requirements, the PCI Payment Transaction Security (PTS) Points of Interaction (POI) Modular Security Requirements, and the Visa PIN Security Program Guide.
12. For Payment Facilitators, the client must ensure that they review the list of all sponsored merchants and ensure the sponsored merchants comply with the Visa Rules and local, country, and regional laws or regulations, and have the capability to provide sponsored-merchant-level reporting to Visa, on demand. Additionally, clients are required to directly contract with sponsored merchants that exceed US \$100,000 in annual Visa Transaction volume. The Payment Facilitator however, must continue to ensure appropriate due diligence and oversight on sponsored merchants.

Section 3: Monitoring and Reporting

Clients must ensure that any required reporting on agent activity is submitted in a timely manner, as required by Visa. Clients must maintain a file on each agent and review their performance on an annual basis. The report must be signed by a senior officer and be made available to Visa upon request.

Requirements:

1. Clients must confirm that the agent is compliant with Visa Rules, local, country and regional laws or regulations. For Payment Facilitator or Merchant Aggregators, the client must ensure that they review the list of all sponsored merchants and ensure the sponsored merchants comply with Visa Rules, local, country and regional laws or regulations.
2. Clients must take prompt and appropriate action if Visa risk monitoring programs identify the agent as introducing substantial risk into the Visa payment system.
3. Merchant Servicer agents have a direct relationship and contract with a merchant (not always with the merchant's financial institution). Because of this, Visa clients may have not administered the fully recommended set of Visa Third Party Due Diligence Risk Standards when registering Merchant Servicers. At a minimum, clients must attest that a limited due diligence was completed for the Merchant Servicer such as PCI DSS Compliance validation and a review of publically available information on the agent. Furthermore, the client recognizes its liability and responsibility as stated in the Visa Rules for any Merchant Servicer agent it uses.
4. Clients must ensure that any services provided by the agent on behalf of the client or its merchants are performed by the agent itself and are not subcontracted to any other entity. If subcontracting is necessary for business reasons, the client must treat the subcontracted entity as an agent.

Section 4: Third Party Agent Termination

TPAs have a duty to operate in a professional manner to protect the integrity of the Visa payment system. TPAs that act to circumvent Visa Rules or take actions that harm the Visa brand may be removed from the system.

Requirements:

1. Client must ensure that any agent must include a provision allowing the client or its merchant to terminate the contract if the TPAs and/or its sponsored merchants participates in any of the activities described below:
 - Fraudulent activity
 - Activity that causes the client to repeatedly violate the Visa Rules
 - Operating in an unsound, unsafe manner
 - Any other activity that may result in undue economic hardship or damage to the goodwill of the Visa system, if the agent fails to take corrective action
2. When required to terminate a TPA, the client must indicate termination of the agent relationship on the Visa Membership Management tool.

Related Publications and Websites

Table 1. Related Publications

| DOCUMENT TITLE/NAME | LINKS |
|---|----------------------------|
| <i>Agent Registration – Program Guide</i> (For use in Asia Pacific, Central Europe, Middle East and Africa) | Click here |
| <i>Third Party Agent Registration Program – Frequently Asked Questions</i> (For use in U.S., Canada and Latin America & Caribbean Regions) | Click here |
| <i>Global Registry of Service Providers – Grow Your Business by Being on the List</i> | Click here |
| <i>Guide to Visa Inc. Agents</i> | Click here |
| <i>Third Party Agent Registration Program – Glossary</i> | Click here |

Table 2. Websites

| NAME | LINKS |
|--|----------------------------|
| <i>Visa Global Registry of Service Providers website</i> | Click here |
| <i>Visa Online Access Application</i> | Click here |
| <i>Visa Risk Management website – Asia Pacific, Central Europe, Middle East and Africa</i> | Click here |
| <i>Visa Risk Management website – Americas</i> | Click here |



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VBS 10.15.14