

# Updated Policy for Subscription Merchants Offering Free Trials or Discounted Introductory Promotions

**Overview:** Moneris is providing further clarification on changes to Visa’s acceptance and disclosure policies for transactions at merchants that offer free trials or discounted introductory promotions as part of an ongoing subscription service.

## Frequently Asked Questions

Question	Answer
<p><b>What types of promotions or introductory offers are in- scope of the updated policy?</b></p>	<p>The updated policy applies to merchants that provide goods / services via a subscription service (i.e., a recurring transaction), where the subscription agreement with the cardholder includes either of the following:</p> <ul style="list-style-type: none"> <li>• <b>Free Trial:</b> An initial period at zero cost to the cardholder to use the merchant’s service before the merchant’s regular price is applied for ongoing usage of the subscription.</li> <li>• <b>Discounted Introductory Offer or Promotional Period:</b> An initial period with a preliminary cost to the cardholder that is <u>clearly marketed, communicated, advertised or promoted</u> to the cardholder as a <u>discount to the merchant’s regular price</u> before the merchant’s regular price is applied for ongoing usage of the subscription after the initial discounted period.</li> </ul> <p>The updated policy does not apply in the following scenarios:</p> <ul style="list-style-type: none"> <li>• Where the cardholder uses a discount code / voucher to reduce the merchant’s <u>regular price</u> at the time of completing the subscription enrollment with the merchant.</li> <li>• A merchant’s <u>regular pricing</u> schedule increases over the term of the subscription agreement, which is disclosed to, and accepted by, the cardholder at the time of completing the subscription enrollment with the merchant.</li> </ul> <p>An offer of a satisfaction / “money back” / refund guarantee is provided at the time the cardholder agrees to the merchant’s regular price when completing the subscription enrollment with the merchant.</p>
<p><b>Do the changes apply to only physical goods merchants?</b></p>	<p>No.</p> <p>The changes apply equally to merchants selling either physical or digital goods and services, if they offer free trials or introductory promotions that roll into an ongoing subscription / recurring agreement.</p>
<p><b>Do the changes apply to all merchants that offer subscription / recurring agreements?</b></p>	<p>No.</p> <p>Not all merchants that offer subscription / recurring agreements include free trials or introductory promotions. The changes apply only to merchants that offer free trials or introductory promotions that roll into an ongoing subscription / recurring agreement.</p> <p><b>Note:</b> The updated requirements are strongly recommended for subscription merchants, but are not mandatory unless they offer free / introductory trials.</p>
<p><b>Does the updated policy apply to additional services provided to existing customers?</b></p>	<p>Yes, if both:</p> <ul style="list-style-type: none"> <li>• An existing cardholder agrees to add an extra / supplementary service, which is charged in addition to their existing service(s); and</li> <li>• The offer of payment of the extra / supplementary service includes a free trial or discounted introductory offer or promotional period, as outlined above.</li> </ul> <p>An example of this scenario is a cable TV customer adding an extra paid channel subscription to their existing subscription package.</p>

<p><b>Can the terms and conditions of the payment be combined with other terms and conditions, or included in a separate link?</b></p>	<p>No.          Visa’s rules for merchants using a stored credential (“card on file”) require that the merchant displays—and the cardholder accepts—the terms and conditions of <u>payment</u>, separately from any other general terms and conditions applicable to the goods / service being purchased by the cardholder.</p>
<p><b>What is the enhanced descriptor for?</b></p>	<p>The enhanced descriptor (e.g., “end trial”) for the <u>first transaction at the end of a trial or discounted promotional period</u> is intended to provide further notice to the cardholder that the trial or discounted introductory offer / promotional period has ended, and the regular price now applies for the subscription. It is <b>not</b> required for subsequent transactions.          This descriptor will then appear on cardholder statements, online banking, mobile apps and SMS / text alerts, in the same way discretionary data or additional invoice / order numbers appear for e-commerce transactions today, to identify the nature of the transaction.</p>
<p><b>What if the trial / promotional period is seven days or less?</b></p>	<p>If the merchant’s trial or discounted introductory offer / promotional period is seven days or less, the initial confirmation provided to the cardholder should include the details required in the reminder (i.e., date of expiration of the trial / discounted promotional period, link or other simple mechanism to cancel the subscription, etc.).</p>
<p><b>What if the customer doesn’t want electronic notifications or reminders?</b></p>	<p>Visa’s updated rules require the merchant to notify the cardholder at least seven days ahead of the expiration of their trial / promotional period, along with a link or other simple mechanism to cancel the subscription, either online or via SMS / text message.          The notification / reminder should be electronic (i.e., via email or SMS / text), but may be via another method of communication if the cardholder agrees in advance.</p>
<p><b>What does “simple cancellation” look like? Is there a maximum number of steps / clicks?</b></p>	<p>No.          The customer must be able to cancel their subscription online with the merchant, without needing to contact the merchant through another channel (e.g., a phone call). Merchants may continue to support other channels for customer service, including cancellation requests, in addition to an online service.</p>