

## Chapter 6: Terminal registration and lifecycle

### Commentary

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#### Purpose

Part 8B of the PNZ rules regulates the lifecycle of each model of terminal from market entry to exit to ensure that the model of terminal is secure enough to protect sensitive payment instrument data from unauthorised disclosure or use. This chapter specifies how participants and Payments NZ comply with:

- the requirements in rules 8B.10 to 8B.18 that regulate the lifecycle of terminals that connect to the EFTPOS switching network, and
- the requirements in rules 8B.19 to 8B.29 that regulate the process for disconnecting a terminal that fails to protect sensitive data from unauthorised disclosure or use.

Rules 8B.30 to 8B.38 specify how participants and Payments NZ respond when a PCI terminal security standard changes before the sunset date for a model of terminal registered in relation to the standard (but this chapter does not contain any key supporting procedures for those rules).

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## Section A: Terminal registration

### Commentary

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#### (1) Purpose

Rules 8B.10 to 8B.15 specify:  
the basis upon which PNZ registers terminals, and  
how a person applies to PNZ to register a terminal.

This section specifies how PNZ complies with the terminal registration requirements in the PNZ rules.

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#### (2) Regulation by registration

Under rule 8B.10:

**8B.10 Company regulates connection of terminals**

- (1) The company regulates whether a terminal may connect to the EFTPOS switching network and when the terminal must permanently disconnect.
- (2) The purpose of regulating terminals under this Part is to ensure that a terminal operated by a merchant with whom an acquirer has a merchant agreement protects sensitive data communicated to the terminal by a payment instrument from unauthorised disclosure or use.

Under rule 8B.11:

**8B.11 Company must maintain terminal register**

- (1) The company must maintain a register of models of terminals in accordance with section A(3) of chapter 6 of the terminal standards (terminal register).
  - (2) The register must record the models of terminals that have confirmation from a card scheme or the payment card industry security standards council (PCI SSC), as the case may be, that the models conform with a security standard that is specified in section A(5) of chapter 6 of the terminal standards (terminal register).
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## Procedures

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### (3) Terminal register

To comply with rule 8B.11(1) Payments NZ **must** record the following in relation to each model of terminal registered and publish the details on Payments NZ's public website:

- date of registration,
- manufacturer,
- model number,
- hardware/firmware,
- version,
- PCI approval number,
- approval version/class,
- date PCI approval expires,

any of the following dates determined by Payments NZ from which terminals of the registered model must not be connected for the first time to the switching network,:

- a sunset date determined under rule 8B.18(1):
- any disconnection date determined under rule 8B.25(3)(d) in response to compromise of a terminal of the model of terminal:
- for a non-compliant model of terminal to which rule 8B.30 applies, any of the following dates determined by Payments NZ under rule 8B.35,:
  - any date by which the non-compliant model must be modified to comply with an amendment to the version of the PTS POI security standard in relation to which it is registered:
  - any disconnection date.

Payments NZ **must** also record on the register any date agreed by Payments NZ from which models of terminal that comply with an old version of a PCI security standard will no longer be registered.

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## Commentary

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### (4) Registration criteria

Rule 8B.12 provides:

#### **8B.12 Registration criteria**

On and from 2 April 2013, the company may only register a model of terminal on the terminal register if—

- (a) the applicant gives the company a letter from the PCI SSC confirming that the model of terminal conforms with a version of a PCS SSC PIN transaction security (PTS) point of interaction (POI) standard that is specified in section A(5) of chapter 6 of the terminal standards; and
  - (b) the date of registration of the model of terminal is before any date determined in accordance with rule 8B.16 from which the company is required to stop registering models of terminal that have confirmation from the PCI SSC that the model conforms with a version of the PTS POI security standard to which the determination relates.
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## Standards

### (5) Terminal lifecycle register

To comply with rule 8B.12 PNZ **may only** register a model of terminal if the version of the security standard to which the application relates is specified in the following table:

Device	Standard or requirements	No registration (rule 8B.16)	No new connections (rule 8B.17)	Sunset date (rule 8B.18)
PED	Scheme PED security requirements (before PCI)	N/A	N/A	Disconnection was required on and from 1/7/14
PED	PCI SSC POS PED security requirements 1.3	Registration stopped on 1/4/10	New connections stopped on 30/4/14	Disconnection was required on and from 30/4/18
UPT	PCI SSC unattended payment terminals v1.0	Registration stopped on 30/4/14	New connections stopped on 30/4/14	Disconnection was required on and from 30/4/18
PED	<ul style="list-style-type: none"> <li>• PCI SSC encrypting PIN pad devices v2.1</li> <li>• PCI SSC point of sale devices v2.1</li> </ul>	Registration stopped on 30/4/14	New connections stopped on 30/4/17	Disconnection was required on and from 30/4/20
PED/UPT	PCI SSC POI modular security requirements v3.0	Registration stopped on 30/4/17	30/4/21	30/4/23
Any terminal	PCI SSC POI modular security requirements v4.0	30/4/20	30/4/23	30/4/26
Any terminal	PCI SSC POI modular security requirements v5.0	30/4/23	30/4/26	30/4/29
Any terminal	PCI SSC POI modular security requirements v6.0	30/4/27	30/4/30	30/4/33

**(6) Terminals must be registered**

Rule 8B.13 provides:

**8B.13 Terminal must be registered**

- (1) This rule applies to an acquirer in respect of each terminal—
  - (a) that is operated by a merchant with whom the acquirer has a merchant agreement; and
  - (b) that is connected to its switch and the EFTPOS switching network.
- (2) The acquirer must ensure that—
  - (a) the terminal is of a model of terminal that is registered on the terminal register; and
  - (b) if the company removes the model of terminal from the terminal register, the terminal disconnects from the acquirer's switch and the EFTPOS switching network.
- (3) For the purposes of subclause (2)(b) and to avoid doubt, the acquirer must ensure that the terminal is disconnected from the acquirer's switch and the EFTPOS switching network on and from the following dates:
  - (a) the sunset date determined under rule 8B.18(1) for the model of terminal and every other model of terminal registered in relation to a version of a PTS POI security standard specified in section A(5) of chapter 6 of the terminal standards;
  - (b) any disconnection date for the model of terminal determined under rule 8B.25(3)(d) in response to compromise of a terminal of the model of terminal;
  - (c) any disconnection date for the model of terminal determine

Under rule 8B.14:

**8B.14 Application for registration of a terminal**

- (1) A person may apply to the company to register a model of terminal.
- (2) On and from 2 April 2013, each application must—
  - (a) be accompanied by a letter from the PCI SSC confirming that the model of terminal conforms with a version of a PTS POI security standard that is specified in section A(5) of chapter 6 of the terminal standards; and
  - (b) specify the version of the standard with which the model of terminal conforms.
- (3) The company is entitled to rely on the following and is not required to enquire or to independently assess whether or not the model of terminal complies with the PCI SSC PTS POI security standard specified in the letter from the PCI SSC provided under subclause (2) —
  - (a) the letter from the PCI SSC provided under subclause (2) confirming that the model of terminal conforms with a PCI SSC PTS POI security standard; and
  - (b) information provided by the applicant in respect of the application.

**(7) PNZ response to application**

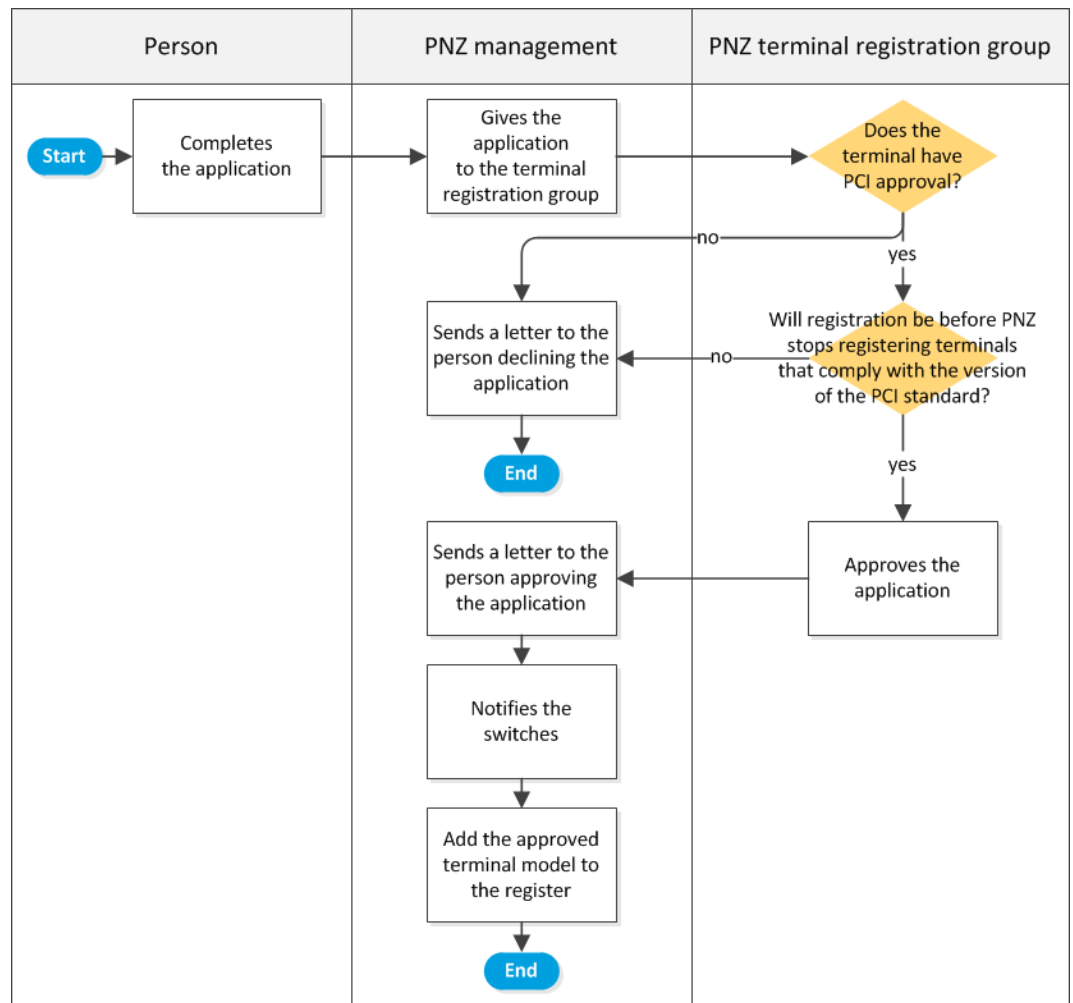
Rule 8B.15 provides:

**8B.15 Company response to application**

- (1) As soon as practicable after receipt of an application for registration of a model of terminal under rule 8B.14, the company must determine whether or not to approve the application.
- (2) The company must approve the application if the company is satisfied that the application complies with the criteria in rule 8B.12.
- (3) If the company approves the application, the company must, as soon as practicable after the decision, record the model of terminal on the register.

**(8) PNZ response to application**

The following diagram and table show the process for registration of a terminal.



Action					
1	The <b>person</b> gives PNZ a completed device registration application including a PCI SSC letter of approval.				
2	PNZ determines whether to approve or decline the application.				
3a	<table border="1"> <thead> <tr> <th>If...</th> <th>then PNZ...</th> </tr> </thead> <tbody> <tr> <td>the application does not attach a PCI SSC approval letter, or the version of the standard to which the application relates is not specified in section A(5), or the date of registration will be after PNZ stops registering models of terminal that comply with the PTS POI security standard under which the terminal is approved</td> <td>declines the application and tells the person.</td> </tr> </tbody> </table>	If...	then PNZ...	the application does not attach a PCI SSC approval letter, or the version of the standard to which the application relates is not specified in section A(5), or the date of registration will be after PNZ stops registering models of terminal that comply with the PTS POI security standard under which the terminal is approved	declines the application and tells the person.
	If...	then PNZ...			
the application does not attach a PCI SSC approval letter, or the version of the standard to which the application relates is not specified in section A(5), or the date of registration will be after PNZ stops registering models of terminal that comply with the PTS POI security standard under which the terminal is approved	declines the application and tells the person.				
3b	<table border="1"> <thead> <tr> <th>If...</th> <th>then PNZ...</th> </tr> </thead> <tbody> <tr> <td>the application attaches a PCI SSC approval letter, and the version of the security standard to which the application relates is specified in section A(5), and the date of registration will be before any date that PNZ stops registering models of terminal that comply with the PTS POI security standard under which the terminal is approved</td> <td>approves the application and may set dates for no new connections of terminal or disconnection, tells the person and switches, registers the model of terminal on PNZ's terminal register.</td> </tr> </tbody> </table>	If...	then PNZ...	the application attaches a PCI SSC approval letter, and the version of the security standard to which the application relates is specified in section A(5), and the date of registration will be before any date that PNZ stops registering models of terminal that comply with the PTS POI security standard under which the terminal is approved	approves the application and may set dates for no new connections of terminal or disconnection, tells the person and switches, registers the model of terminal on PNZ's terminal register.
If...	then PNZ...				
the application attaches a PCI SSC approval letter, and the version of the security standard to which the application relates is specified in section A(5), and the date of registration will be before any date that PNZ stops registering models of terminal that comply with the PTS POI security standard under which the terminal is approved	approves the application and may set dates for no new connections of terminal or disconnection, tells the person and switches, registers the model of terminal on PNZ's terminal register.				



## Section B: Terminal lifecycle dates

### Commentary

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#### (1) Purpose

The PNZ rules give the CECS management committee the power to set dates from which:

PNZ will stop registering a model of terminal that has confirmation from the PCI SSC that the model conforms with a version of a PTS POI security standard (rule 8B.16), new terminals of a registered model must stop connecting to the switching network (rule 8B.17), or

terminals of registered models that conform with a version of a PTS POI security standard must disconnect from the switching network (rule 8B.18).

The management committee may exercise this power for any reason. This section specifies how PNZ, the management committee and participants comply with the rules.

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#### (2) No more registration

Rule 8B.16(1) provides:

**8B.16 No more registration: models complying with old standard**

(1) For each version of a PTS POI security standard specified in section A(5) of chapter 6 of the terminal standards, the CECS management committee may, for any reason, determine, in accordance with section B(3) of chapter 6 of the terminal standards, a date from which the company will stop registration of every model of terminal that has confirmation from the PCI SSC that the model conforms with the version of the standard.

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### Procedures

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#### (3) Management committee sets no registration date

To comply with rule 8B.16, the CECS management committee **must**, as a minimum, take the following factors into account in determining the date:

alignment with lifecycles of PTS security standards and standards set by other international bodies, for example, EMVCo, promotion of an interoperable, innovative, safe, open and efficient consumer electronic clearing system, and

the extent to which the model of terminal may adversely affect the integrity or the reputation of CECS or introduce significant risk into CECS.

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## Commentary

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### (4) PNZ discloses no more registration date

Under rules 8B.16(2) and (3):

- (2) If the CECS management committee determines a date under subclause (1), the company must, as soon as practicable after the determination,—
    - (a) record the date on the terminal register; and
    - (b) give written notification to CECS participants, switch companies, and terminal vendors of the date.
  - (3) From the date determined under subclause (1), the company must stop registration of every model of terminal that has confirmation from the PCI SSC that the model conforms with the version of the PTS POI security standard to which the determination in subclause (1) relates.
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### (5) No more connections

Under rule 8B.17(1):

#### **8B.17 No more connections**

The CECS management committee may, for any reason, determine, in accordance with section B(6) of chapter 6 of the terminal standards, a date from which terminals of a model of terminal registered on the terminal register may not connect for the first time to the EFTPOS switching network.

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## Procedures

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### (6) How management committee sets no more connections date

To comply with rule 8B.17, the CECS management committee **must**, as a minimum, take into account the following factors in determining the date: alignment with lifecycles of PTS security standards and standards set by other international bodies, for example, EMVCo, promotion of an interoperable, innovative, safe, open and efficient consumer electronic clearing system, and the extent to which the model of terminal may adversely affect the integrity or the reputation of CECS or introduce significant risk into CECS.

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## Commentary

### (7) PNZ discloses no more connections date and acquirers enforce it

Rules 8B.17(2) to (4) provide:

- (2) If the CECS management committee determines a date under subclause (1), the company must, as soon as practicable after the determination,—
  - (a) record the date on the terminal register; and
  - (b) give written notification to CECS participants, switch companies, and terminal vendors of the date.
- (3) An acquirer must ensure that, from the date determined under subclause (1), its switch does not connect to the EFTPOS switching network for the first time terminals of any registered model of terminal to which the determination relates.
- (4) Subclauses (1) to (3) do not apply to a new terminal if—
  - (a) the terminal replaces a terminal connected before the date determined under subclause (1) that is faulty; or
  - (b) the terminal is in a new lane in a multi-lane store that uses terminals first connected to the EFTPOS switching network before the date determined under subclause (1); or
  - (c) a merchant operates 2 or more stores and the following apply:
    - (i) all the merchant's stores use terminals first connected to the EFTPOS switching network before the date determined under subclause (1);
    - (ii) the terminal is in a new store opened by the merchant.

### (8) Disconnection date

Rule 8B.18(1) provides:

#### **8B.18 Disconnection: sunset date**

- (1) For each version of a PTS POI security standard specified in section A(5) of chapter 6 of the terminal standards, the CECS management committee may, for any reason, determine, in accordance with section B(9) of chapter 6 of the terminal standards, a sunset date from which all terminals of every model of terminal registered on the terminal register that conforms with the security standard must disconnect from the EFTPOS switching network.
- (2) If the CECS management committee determines a date under subclause (1), the company must, as soon as practicable after the determination but no less than 18 months before the date,—
  - (a) record the date on the terminal register; and
  - (b) for a sunset date on a date that is 3 years following the expiry date of the version of the PTS POI security standard with which the registered models conform, give written notification of the date to CECS participants and switch companies; and
  - (c) for a sunset date on any other date, give written notification of the date to the following:
    - (i) CECS participants;
    - (ii) switch companies;
    - (iii) each terminal vendor of every registered model of terminal that conforms with the version of the PTS POI security standard to which the sunset date relates.
- (3) On the date determined under subclause (1), the company must remove the models of terminal from the terminal register.
- (4) An acquirer must ensure that, on and from the date determined under subclause (1), its switch disconnects from the EFTPOS switching network all terminals of the models of terminal that conform with the version of the PTS POI security standard to which the sunset date relates.

### **(9) How disconnection date set**

To comply with rule 8B.18(1) the CECS management committee must: take into account the following factors, as a minimum, in determining a sunset date:

- alignment with lifecycles of PTS standards and standards set by other international bodies, for example, EMVCo,
- providing merchants, vendors, terminal resellers, finance companies, and switches with enough time to disconnect terminals and arrange to connect new terminals,
- promotion of an interoperable, innovative, safe, open and efficient consumer electronic clearing system, and
- the extent to which the models of terminal may adversely affect the integrity or the reputation of CECS or introduce significant risk into CECS,

if the sunset date is proposed for a date that is 3 years following the expiry date of the version of the PTS POI security standard with which the registered models of terminal conform, consult with acquirers and switches, and

if the sunset date is proposed for any other date, consult with:

- acquirers,
- switches, and
- each terminal vendor of every registered model of terminal that conforms with the version of the PTS POI security standard to which the sunset date relates.

The CECS management committee must determine the appropriate consultation process to be undertaken with each group identified above (acquirers, switches and terminal vendors) depending on the circumstances of the relevant sunset date and PTS POI security standard, the nature of the relationship of each group with the Company and anything else the CECS management committee believes is relevant to setting the consultation process.

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## Section C: Terminal compromise

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### **Purpose**

Rules 8B.19 to 8B.29 specify a process for disconnecting a model of terminal from the EFTPOS switching network that has failed to protect sensitive data on a payment instrument from unauthorised use or disclosure. This section specifies how participants and PNZ comply with these rules.

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### **Contents**

This section contains the following topics:

<b>Topic</b>	<b>See page</b>
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C3: Communicating decision and disconnection process	20

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## C1: Communicating a compromise

### Commentary

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**(1) Purpose** Rules 8B.19 to 8B.21 specify a process for: communicating that a model of terminal connected to the EFTPOS switching network has failed to protect sensitive data on a payment instrument from unauthorised use or disclosure, and arranging a meeting of experts to determine next steps.

This section specifies how participants and PNZ comply with these rules.

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**(2) Participant must notify compromise** Rule 8B.19 provides:

**8B.19 Participant notifies compromise**

(1) A participant must notify the company, in accordance with section C1(3) of chapter 6 of the terminal standards, if the participant believes that —

(a) 1 or more terminals of a model registered on the terminal register has failed to protect sensitive data on a payment instrument from unauthorised disclosure or use in New Zealand or overseas; and

(b) the failure is the result of 1 or more attributes of the model of terminal.

(2) The participant must give the notification no later than 24 hours after the participant becomes aware of the facts giving rise to the participant’s belief specified in subclause (1).

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### Procedures

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**(3) How to notify PNZ of compromise** To comply with rule 8B.19, a participant **must**: complete [compromised terminal form 1](#) at appendix 13B, send it to PNZ as a pdf document attached to an email message, and use the email address for PNZ specified on the compromised terminal contact list.

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### Best Practice

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**(3a) Advance warning** If a participant is investigating whether or not a terminal compromise is the result of 1 or more attributes of the model of terminal, PNZ recommends that the participant notifies PNZ of the investigation. The notification warns PNZ that the compromise terminal process specified in Part 8B may be triggered by a notification under rule 8B.19.

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## Commentary

### (4) PNZ communicates compromise and instructs

Rule 8B.20 provides:

#### 8B.20 Company communicates terminal compromise and instructs

- (1) This rule applies to the company if—
  - (a) the company receives a notification from a participant under rule 8B.19; or
  - (b) the company decides for any other reason that 1 or more terminals of a model registered on the terminal register has failed to protect sensitive data on a payment instrument from unauthorised disclosure or use in New Zealand or overseas.
- (2) The company must, in accordance with section C1(5) of chapter 6 of the terminal standards,—
  - (a) notify the following of the notification or the decision referred to in subclause (1) as soon as practicable after receiving the notification or making the decision:
    - (i) CECS participants;
    - (ii) the terminal vendor who applied for registration of the model of terminal on the company terminal register;
    - (iii) every switch company that connects a terminal of the model of terminal to the EFTPOS switching network; and
  - (b) if the notification given under paragraph (a) is in respect of a terminal that failed to protect sensitive data on a payment instrument in New Zealand, instruct every issuer to—
    - (i) identify every payment instrument issued by the issuer that has interacted with the compromised terminal; and
    - (ii) for every payment instrument identified, determine whether to take any steps in respect of the payment instrument holder to prevent—
      - (A) an adverse effect on the integrity or the reputation of the consumer electronic clearing system; or
      - (B) the introduction of significant risk into the consumer electronic clearing system; and
  - (c) if the notification given under paragraph (a) is in respect of a terminal that failed to protect sensitive data on a payment instrument in New Zealand, instruct the acquirer who acquires transactions from the compromised terminal, to require the acquirer's switch company to, if requested by an issuer, help the issuer to identify every payment instrument issued by the issuer that has interacted with the terminal.
- (3) If an issuer or an acquirer receives an instruction in accordance with subclause (2), the issuer or the acquirer must comply with the instruction as soon as practicable after receipt.
- (4) The company may communicate with media, or any other party, in respect of a notification or a decision referred to in subclause (1).
- (5) If the company communicates with media in accordance with subclause (4), the company must notify CECS participants of the communication as soon as practicable after the communication is complete.

## Procedures

### (5) How PNZ notifies compromise

To comply with rule 8B.20(2) PNZ **must**: complete [compromised terminal form 2](#) at appendix 13B, send it to the representatives specified on the compromised terminal contact list for each CECS participant, switch company and terminal vendor, for each representative, use the email address specified on the compromised terminal contact list, and send the notice as a pdf document attached to each email message.

## Commentary

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### **(6) Participant media experts**

For communications with media about a compromised model of terminal, PNZ will generally consult with media experts working for CECS participants in respect of the substance and process of media communications.

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### **(7) PNZ arranges meeting of affected parties**

Rule 8B.21(1) provides:

#### **8B.21 Company arranges meeting of affected parties**

- (1) If the notification given under rule 8B.20 is in respect of a terminal that failed to protect sensitive data on a payment instrument in New Zealand, as soon as practicable after the company has completed giving the notification and the instructions, the company must, in accordance with section C1(8) of chapter 6 of the terminal standards, ask the following to meet with the company to complete the terminal compromise submission in appendix 13C:
- (a) the terminal vendor who applied for registration of the model of terminal on the company terminal register;
  - (b) every switch company that connects a terminal of the model of terminal to the EFTPOS switching network;
  - (c) every acquirer who connects a terminal of the model of terminal to the EFTPOS switching network;
  - (d) every issuer who has issued a payment instrument that interacted with the compromised terminal;
  - (e) any qualified person who the company considers has expertise in the matter.
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## Procedures

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### **(8) How PNZ arranges meeting**

To comply with rule 8B.21 PNZ must:  
invite representatives for the affected parties specified on the compromised terminal contact list, and  
use the email address specified on the compromised terminal contact list.

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## Commentary

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### **(9) Invitation and agenda**

Terminal forms, appendix 13B, contains the following:  
a notice for meeting of affected parties, compromise terminal form 3, and  
an agenda for meeting of affected parties, compromise terminal form 4.

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## C2: Deciding whether to disconnect

### Commentary

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#### **(1) Purpose**

Rules 8B.22 to 8B.25 specify a process for deciding whether to disconnect a compromised model of terminal from the EFTPOS switching network. This section specifies how participants and PNZ comply with some of these rules.

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#### **(2) Acquirer and switch help make submission**

Rule 8B.22 requires the affected parties to make a recommendation whether to disconnect the compromised model of terminal from the EFTPOS switching network. Rules 8B.22(4) and (5) provide:

- (4) If an acquirer is invited to the meeting in accordance with rule 8B.21, the acquirer must take the steps specified in section C2(3) of chapter 6 of the terminal standards in respect of the terminal compromise submission.
  - (5) If an acquirer's switch company is invited to the meeting, the acquirer must take the steps specified in section C2(4) of chapter 6 of the terminal standards in respect of the terminal compromise submission.
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### Procedures

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#### **(3) How acquirer helps**

To comply with rule 8B.22(4), an acquirer invited to a meeting of affected parties must:

- use best endeavours to provide the information that PNZ requires the acquirer to provide for the terminal compromise submission as soon as practicable after PNZ requests the information,
- arrange any reports required by PNZ in respect of the terminal compromised or the merchant operating the terminal, for example, a forensic report or a police report,
- provide PNZ with details that PNZ requires of the reports,
- during the period of time in which the affected parties complete the terminal compromise submission, determine whether any other terminal connected to the EFTPOS switching network fails to protect sensitive data on a payment instrument,
- and
- help PNZ to coordinate and lead the meeting of affected parties.

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#### **(4) How switch helps**

To comply with rule 8B.22(5) an acquirer whose switch company is invited to a meeting of affected parties must require the switch company to use best endeavours to provide the information that PNZ requires the switch company to provide for the terminal compromise submission as soon as practicable after PNZ requests the information.

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**(5) CECS MC meeting**

Rule 8B.24 provides:

**8B.24 Management committee recommendation to board**

- (1) If a meeting of the CECS management committee is arranged in accordance with rules 8B.21(6) or 8B.23 in respect of the failure of 1 or more terminals of a model registered on the terminal register to protect any sensitive data on a payment instrument from unauthorised disclosure or use in New Zealand or overseas, the CECS management committee must consider the following:
- (a) for a registered terminal that failed to protect sensitive data on a payment instrument in New Zealand,—
    - (i) the terminal compromise submission and any recommendation completed by the affected parties in accordance with rule 8B.22; and
    - (ii) any other submission by the affected parties:
  - (b) for a registered terminal that failed to protect sensitive data on a payment instrument overseas, any submissions from the following:
    - (i) the terminal vendor who applied for registration of the model of terminal on the company terminal register;
    - (ii) a switch company who connects terminals of the model of terminal to the EFTPOS switching network;
    - (iii) an acquirer who connects a terminal of the model of terminal to the EFTPOS switching network;
    - (iv) an issuer who has issued a payment instrument that interacted with the compromised terminal:
  - (c) submissions from the following:
    - (i) any other participant;
    - (ii) any other switch company;
    - (iii) any other terminal vendor;
    - (iv) any other person who the committee considers has a substantial interest in the matter:
  - (d) any response by any other organisation in New Zealand or overseas to the terminal's failure to protect the sensitive data:
  - (e) the effect on the integrity or the reputation of the consumer electronic clearing system if—
    - (i) the model of terminal is disconnected from the EFTPOS switching network; or
    - (ii) the model of terminal is not disconnected from the EFTPOS switching network:
- (2) The CECS management committee must recommend to the board whether to require disconnection of terminals of the relevant model of terminal from the EFTPOS switching network.

**(6) Agenda for MC meeting**

Terminal forms, appendix 13B, contains a suggested agenda for the management committee meeting in compromised terminal form 5.

## Best Practice

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### **(7) Risk based approach**

This best practice applies to an acquirer if the acquirer believes that a terminal of the compromised model may, if it continues to connect to the EFTPOS switching network in the period before the board decides whether or not to require disconnection of terminals of the compromised model, adversely affect the integrity or the reputation of the clearing system, or introduce significant risk into the clearing system.

**PNZ recommends** that the acquirer should, in respect of the acquirer's switch and each merchant with whom the acquirer has a merchant agreement, require the switch and each merchant to:

- stop new connections of terminals of the compromised model to the EFTPOS switching network, and
- disconnect terminals of the compromised model from the EFTPOS switching network.

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**(8) Board meeting**

Rule 8B.25 provides:

**8B.25 Board decision**

- (1) At a board meeting arranged under rule 8B.21(6) or 8B.23, the board must consider the following:
- (a) for a terminal that failed to protect sensitive data on a payment instrument in New Zealand, the terminal compromise submission and the recommendation completed by affected parties in accordance with rule 8B.22:
  - (b) the recommendation of the CECS management committee made in accordance with rule 8B.24(2):
  - (c) any response by any other organisation in New Zealand or overseas to the terminal's failure to protect the sensitive data:
  - (d) submissions from the following:
    - (i) any participant:
    - (ii) any switch company:
    - (iii) any terminal vendor:
    - (iv) any other person who the board considers has a substantial interest in the matter:
  - (e) the effect on the integrity or the reputation of the consumer electronic clearing system if—
    - (i) the model of terminal is disconnected from the EFTPOS switching network; or
    - (ii) the model of terminal is not disconnected from the EFTPOS switching network.
- (2) The board must—
- (a) determine whether to require disconnection of terminals of the model from the EFTPOS switching network; and
  - (b) for a terminal that failed to protect sensitive data on a payment instrument in New Zealand, make the determination no later than 48 hours after the company sent the completed terminal compromise submission to the board.
- (3) If the board decides to require disconnection of terminals of the model from the EFTPOS switching network,—
- (a) the board must determine the following, having regard to advice from any person who the board considers has a substantial interest in the matter,:
    - (i) a date from which terminals of the model may not connect for the first time to the EFTPOS switching network:
    - (ii) a date from which terminals of the model must disconnect from the EFTPOS switching network; and
  - (b) the company must, as soon as practicable after the board makes a decision, take the steps specified in rules 8B.26 to 8B.29.
- (4) To avoid doubt the board must apply the determination under subclause (3)(a)(i) to all new terminals of the model including without limit a terminal if—
- (a) the terminal replaces a terminal connected before the date determined under subclause (3)(a)(i) that is faulty; or
  - (b) the terminal is in a new lane in a multi-lane store that uses terminals first connected to the EFTPOS switching network before the date determined under subclause (3)(a)(i); or
  - (c) a merchant operates 2 or more stores and the following apply:
    - (i) all the merchant's stores use terminals first connected to the EFTPOS switching network before the date determined under subclause (3)(a)(i):
    - (ii) the terminal is in a new store opened by the merchant .
- (5) To avoid doubt the board may, for any reason, determine under subclause (3)(a)(ii) that terminals of the model—
- (a) must be disconnected immediately; and
  - (b) may be disconnected whether or not the PCI SSC has removed the model from the PCI SSC's list of approved devices.

**(9) Agenda for board meeting**

Terminal forms, appendix 13B, contains a suggested agenda for the board meeting in compromised terminal form 6.

## C3: Communicating decision and disconnection process

### Commentary

**(1) Purpose** Rules 8B.26 to 8B.29 specify processes for: communicating the board’s decision as to whether to disconnect a compromised model of terminal from the EFTPOS switching network, and disconnecting and replacing the compromised model.

This section specifies how participants and PNZ comply with some of these rules.

**(2) PNZ communicates decision not to disconnect**

Rule 8B.26(1) provides:

**8B.26 Company communicates decision**

- (1) If the board decides not to require disconnection of terminals of the model from the EFTPOS switching network, the company must, in accordance with section C3(3) of chapter 6 of the terminal standards, notify the following of the board’s decision:
- (a) CECS participants;
  - (b) the terminal vendor who applied for registration of the model on the company terminal register;
  - (c) every switch company who connects a terminal of the model to the EFTPOS switching network.

### Procedures

**(3) How PNZ communicates decision not to disconnect**

To comply with rule 8B.26(1) PNZ must: complete [compromised terminal form 7](#) at appendix 13B, send it to the representatives specified on the compromised terminal contact list of CECS participants, terminal vendors and switch companies, for each representative, use the email address specified on the compromised terminal contact list, and send the notice as a pdf document attached to each email message.

### Commentary

**(4) PNZ communicates decision to disconnect**

Rule 8B.26(2)(a) provides:

- (2) If the board decides to require disconnection of terminals of the model from the EFTPOS switching network, the company—
- (a) must, in accordance with section C3(6) of chapter 6 of the terminal standards, notify the following of the board’s decision, the date from which terminals of the model may not connect for the first time to the EFTPOS switching network and the disconnection date:
    - (i) CECS participants;
    - (ii) the terminal vendor who applied for registration of the model of terminal on the company terminal register;
    - (iii) every switch company who connects a terminal of the model to the EFTPOS switching network;

**(5) PNZ  
instructs  
actions**

Rule 8B.27 provides:

**8B.27 Company instructs acquirers**

- (1) If the board decides to require disconnection of terminals of the model from the EFTPOS switching network, the company must, in accordance with section C3(6) of chapter 6 of the terminal standards, give the following instructions to every acquirer,—
- (a) to require the acquirer's switch company to—
    - (i) notify the acquirer of the name of every merchant who has a merchant agreement with the acquirer and who operates a terminal of the compromised model of terminal; and
    - (ii) manage and monitor the process for disconnection of terminals of the compromised model from the EFTPOS switching network and replacement with terminals of a different model; and
    - (iii) manage communications with the terminal vendor of the compromised model of terminal in respect of the disconnection and replacement process;
    - (iv) during the disconnection and replacement process, notify the company when required by the company of the number of terminals disconnected and replaced; and
    - (v) from the date determined by the board, prevent every terminal of the model of terminal from connecting for the first time to the EFTPOS switching network including without limit a new terminal if—
      - (A) the terminal replaces a terminal connected before the date determined by the board that is faulty; or
      - (B) the terminal is in a new lane in a multi-lane store that uses terminals first connected to the EFTPOS switching network before the date determined by the board; or
      - (C) a merchant operates 2 or more stores and the following apply:
        - (aa) all the merchant's stores use terminals first connected to the EFTPOS switching network before the date determined by the board;
        - (bb) the terminal is in a new store opened by the merchant; and
    - (vi) no later than the disconnection date determined by the board, disconnect terminals of the compromised model of terminal from the EFTPOS switching network; and
  - (b) to notify every merchant identified in accordance with paragraph (a)(i) —
    - (i) of the board's decision to disconnect the compromised model of terminal from the EFTPOS switching network; and
    - (ii) that the merchant will require a replacement terminal of a different model of terminal no later than the disconnection date; and
  - (c) to require its switch company to require the vendor of the compromised model of terminal to—
    - (i) determine the number of terminals of the compromised model of terminal to be disconnected from the EFTPOS switching network and replaced with a different model of terminal; and
    - (ii) confirm whether or not the vendor can replace every terminal of the compromised model with a different model of terminal no later than the disconnection date; and
    - (iii) determine any functional differences between the compromised model of terminal and the replacement model of terminal and ensure that the replacement model provides at least equal functionality to the compromised model; and
    - (iv) if the replacement model of terminal is not registered on the company terminal register, apply to the company to register the replacement model of terminal in accordance with rule 8B.14; and
    - (v) if the replacement model of terminal requires approval from any other entity before terminals of the model are connected to the EFTPOS switching network, arrange to get the approval from the entity; and
    - (vi) arrange a process for disconnection of terminals of the compromised model and replacement with terminals of the replacement model; and
    - (vii) communicate with terminal resellers in respect of the process at paragraph (vi); and
    - (viii) send terminals of the replacement model to terminal resellers and the merchants identified in accordance with paragraph (a)(i); and
    - (ix) require terminal resellers to replace terminals of the compromised model with terminals of the replacement model.

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## Procedures

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**(6) How PNZ communicates decision to disconnect and gives instructions**

To comply with rules 8B.26(2)(a) and 8B.27(1), PNZ must: complete [compromised terminal form 8](#) at appendix 13B, send it to the representatives specified on the compromised terminal contact list of CECS participants, switch companies, and terminal vendors, for each representative, use the email address specified on the compromised terminal contact list, and send the notice as a pdf document attached to each email message.

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