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AUSTRALIAN PAYMENTS NETWORK LIMITED

ABN 12 055 136 519

A Company limited by Guarantee

Code Set

for

ISSUERS AND ACQUIRERS COMMUNITY FRAMEWORK

Volume 4

Device Requirements and Cryptographic Management

Commenced 1 July 2015

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Code Set for
ISSUERS AND ACQUIRERS COMMUNITY
FRAMEWORK
Volume 4
Device Requirements and Cryptographic Management

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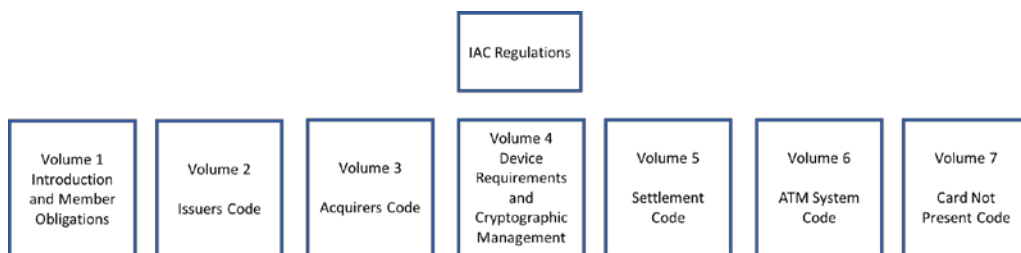
PART 1 INTRODUCTION, INTERPRETATION AND DEFINITIONS

1.1 Purpose of this volume

Amended effective 1.1.19

The IAC has been established to develop, implement and operate effective standards, policies and procedures to promote the efficiency, security and integrity of Australian Card Payments. These include minimum security standards, interoperability standards and value added services that support how payment cards are used throughout Australia.

These standards and requirements are contained within the IAC Code Set which is structured as follows:



Amended effective 1.7.19

Volume 4 is intended to be read in conjunction with Volumes 1, 2 & 3.

Amended effective 16.12.21

It is an IAC requirement that all Devices, Solutions and Non-Standard Technologies hold a current AusPayNet approval prior to and during use within the IAC.

Last amended effective 16.12.21

This volume is structured in four parts. Part 1 provides introductory material and details the definitions that are used throughout the IAC Manual. Part 2 is no longer used. Part 3 addresses the process of approval for Devices, Solutions and Non-Standard Technologies. Cryptographic standards such as key length and approved algorithms are detailed in Part 4 including Terminal Key Management requirements.

Last amended effective 16.12.21

1.2 Interpretation

In this IAC Code Set:

- (a) words importing any one gender include the other gender;
- (b) the word 'person' includes a firm, body corporate, an unincorporated association or an authority;
- (c) the singular includes the plural and vice versa;
- (d) unless the contrary intention appears, a reference to a clause, part or annexure is a reference to a clause, part or annexure of the volume of the IAC Code Set in which the reference appears;

- (e) a reference to a statute, code or the Corporations Law (or to a provision of a statute, code or the Corporations Law) means the statute, the code, the Corporations Law or the provisions as modified or amended and in operation for the time being, or any statute, code or provision enacted in lieu thereof and includes any regulation or rule for the time being in force under the statute, the code, the Corporations Law or the provision;
- (f) a reference to a specific time means that time in Sydney unless the context requires otherwise;
- (g) words defined in the Corporations Law have, unless the contrary intention appears, the same meaning in this IAC Code Set;
- (h) words defined in the Regulations have, unless the contrary intention appears, the same meaning in this IAC Code Set;
- (i) this IAC Code Set has been determined by the Management Committee and takes effect on the date specified by the Chief Executive Officer pursuant to Regulation 1.2; and
- (j) headings are inserted for convenience and do not affect the interpretation of this IAC Code Set.

1.3 Definitions

In this IAC Code Set the following words have the following meanings unless the contrary intention appears.

“Acquirer” is defined in the IAC Regulations and means a Constitutional Corporation that in connection with a Transaction:

Amended
effective 1.1.20

- (a) under arrangement with and on behalf of an Issuer, discharges the obligations owed by that Issuer to the relevant Cardholder; and
- (b) engages in Interchange Activity with that Issuer as a result.

“Acquirer Identification Number” and **“AIN”** The six-digit number assigned by ISO to identify an acquiring Framework Participant (see also IIN, BIN).

“Acquirer Reference Number” [Deleted]

Deleted
effective 20.8.18

“AID” means Application ID present in an ICC chip card.

Inserted
effective
21.11.17

“Approval Period” means the period of approval for a Device, Solution or Non-Standard Technology as stated in the Letter of Approval or otherwise notified by the Company to a Device Approval Applicant.

Inserted
effective
16.12.21

“Approved Cardholder” means:

Inserted
effective 1.1.16

- (a) a customer of an Issuer (or third party represented by an IA Participant) who has been issued with a Card and a PIN by that IA Participant or by a third party represented by the IA Participant; or
- (b) any person who operates an account or has access to an account held with an IA Participant (or third party represented by an IA Participant) who has been issued with a Card and PIN by the IA Participant (or third party represented by an IA Participant).

“Approved Card Payment System” is defined in the IAC Regulations and means a Card Payment System which:

Amended
effective 1.1.20

- (a) is, or is eligible to be, a Recognised APS; and
- (b) is determined by the IAF to satisfy the Approval Criteria for Approved Card Payment Systems.

“Approved CPoC Solution” [Deleted]

Deleted
effective
16.12.21

“Approved Device” means a Device, Solution or Non-Standard Technology that has been approved for use within the IAC by the Company in accordance with clause 3.1 of the IAC Code Set Volume 4 (Device Requirements and Cryptographic Management).

Last amended
effective
16.12.21

“Approved Devices List” means the list of Approved Devices published on the AusPayNet website.

Inserted
effective
16.12.21

“Approved Evaluation Facility” and **“AEF”** [Deleted]

Deleted effective
16.12.21

“Approved Non-standard POI Technology” [Deleted].

Deleted effective
16.12.21

“Approved SPoC Solution” [Deleted]

Deleted effective
16.12.21

“AS” means Australian Standard as published by Standards Australia.

“ATM” or **“ATM Terminal”** means an approved electronic device capable of automatically dispensing Cash in response to a Cash withdrawal Transaction initiated by a Cardholder. Other Transactions (initiated by a Card) such as funds transfers, deposits and balance enquiries may also be supported. The device must accept either magnetic stripe Cards or smart (chip) Cards where Transactions are initiated by the Cardholder keying in a Personal Identification Number (PIN). Limited service devices (known as “Cash dispensers”) that only allow for Cash withdrawal are included.

Amended
effective 1.1.16

“ATM Access Regime” means the access regime imposed by the Reserve Bank of Australia under section 12 of the *Payment Systems (Regulation) Act 1998* by regulatory instrument dated 23 February 2009.

Inserted
effective 1.1.16

- “ATM Affiliate”** means an Affiliate which has subscribed to IAC Code Set Volume 6 (ATM System Code). Last amended effective 1.1.20
- “ATM Code Committee”** means the committee established by the IAF pursuant to Part 11 of the IAC Regulations. Inserted effective 1.1.16
- “ATM Direct Charging Date”** means 3 March 2009.
- “ATM Framework Participant”** means a Constitutional Corporation which pursuant to the IAC Regulations, is a Framework Participant in the IAC, and is a subscriber to IAC Code Set Volume 6 (ATM System Code) pursuant to Part 2, clause 2.2 of Volume 6 and includes, for the avoidance of doubt, each: Last amended effective 1.1.20
- (a) IA Participant;
 - (b) ATM Operator Member; and
 - (c) ATM Affiliate.
- “ATM Interchange”** is defined in the IAC Regulations and means the exchange of payment instructions for value between Acquirers (whether for itself or on behalf of a third party) and Issuers, via an Interchange Link, as a result of the use of an Issuer’s Card by a Cardholder to generate an ATM Transaction. Interchange arrangements may, but need not, be reciprocal. Last amended effective 1.1.20
- “ATM Law”** means a law of the Commonwealth or of any State or Territory in relation to the operation of ATM Terminals. Inserted effective 1.1.16
- “ATM Operator Fee”** means a fee paid by a Cardholder to the operator of an ATM to effect a Transaction through their Terminal.
- “ATM Operator Member”** means an Operator Member which has subscribed to IAC Code Set Volume 6 (ATM System Code). Last amended effective 1.1.20
- “ATM System”** is defined in the IAC Regulations and means the network of direct and indirect Interchange Lines, Interchange Links, associated hardware, software and operational procedures that facilitate the transmission, authorisation and reconciliation of ATM Transactions between IA Participants in Australia. Amended effective 1.1.20
- “ATM Transaction”** is defined in the IAC Regulations and means, for the purposes of this IAC Code Set, a Cash deposit, a Cash withdrawal, or a balance enquiry effected by a Cardholder at an ATM. Amended effective 1.1.20
- “ATM Transaction Listing”** means a listing which complies with the requirements of Part 4, clause 11 of the IAC Code Set Volume 6 (ATM System Code). Amended effective 1.1.16
- “AusPayNet”** is defined in the IAC Regulations and means Australian Payments Network Limited (ABN 12 055 136 519). Amended effective 1.1.20

“Australian IC Card” means an IC Card in respect of which the EMV Issuer Country Code data element (tag 5F28) equal to “036” (Australia).

“Authentication” [Deleted]

Deleted
effective 1.1.20

“Authorisation” in relation to a Transaction, means confirmation given by an Issuer that funds will be made available for the benefit of an Acquirer, in accordance with the terms of the relevant Interchange Agreement, to the amount of that Transaction. Except in the circumstances specified in this IAC Code Set, Authorisation is effected online. ‘Authorised’ has a corresponding meaning.

“Bank Identification Number” and **“BIN”** means the registered identification number allocated by Standards Australia Limited in accordance with AS 3523 (also known as an Issuer Identification Number (IIN)).

“Business Day” means a day on which banks are open for general banking business in Sydney or Melbourne and on which the RITS is operating to process payments.

“Card” is defined in the IAC Regulations and means any card, device, application or identifier authorised by an Issuer, which is linked to an account or credit facility with the Issuer, for the purpose of effecting a Card Payment.

Last amended
effective 1.1.20

“Cardholder” is defined in the IAC Regulations and means a customer of an Issuer who is issued with a Card and PIN or other authentication method or process.

Amended
effective 1.1.20

“Cardholder Data” means any information that is stored on, or which appears on, a Card, and includes but it not necessarily limited to:

Inserted
effective 1.1.16

- (a) Primary Account Number;
- (b) Cardholder Name;
- (c) Service Framework; and
- (d) Expiration Date.

“Card Payment” is defined in the IAC Regulations and means a Transaction under the rules of an Approved Card Payment System which is initiated by a Cardholder using a Card in Australia, irrespective of the infrastructure or network, including as the context requires, ATM Transactions, EFTPOS Transactions, Card-Not-Present Transactions and any adjustments in connection with those Transactions.

Last amended
effective 1.1.20

“Card Payment System” is defined in the IAC Regulations and means, for the purposes of the IAC, the set of functions, procedures, arrangements, rules and devices that enable a Cardholder to effect a Card Payment with a third party other than the Card Issuer. For the avoidance of doubt, a Card Payment System may be a three-party scheme or a four-party scheme.

Amended
effective 1.1.20

“**Card Security Code**” and “**CSC**” is a 3 or 4 digit number:

Inserted
effective 1.7.20

- (a) embossed or printed on a payment card (often referred to as CVC2);
- (b) encoded in the Track Two Equivalent Data of the magnetic stripe for card present transactions (often referred to as CVC1); or
- (c) encoded in the Track Two Equivalent Data of the magnetic stripe equivalent for contactless and chip cards (often referred to as iCVV or Dynamic CVV).

Alternative terminology for CSC includes “CAV”, “CVC”, “CVD”, “CVN”, “CVV” and “SPC”.

“**Cash**” is defined in the IAC Regulations and means Australian legal tender.

Amended
effective 1.1.20

“**Certification**” is defined in the IAC Regulations and means in relation to an IA Participant initial certification or re-certification, in either case to the extent required by and in accordance with, Regulation 5.1(b) and f the IAC Code Set.

Amended
effective 1.1.20

“**Certification Checklist**” means in relation to an Acquirer, a checklist in the form of Annexure B.1 in IAC Code Set Volume 1 (Introduction and Member Obligations) and in relation to an Issuer, a checklist in the form of Annexure B.2 in IAC Code Set Volume 1 (Introduction and Member Obligations).

“**Certification Undertakings**” means all undertakings and representations given to the Company for the purposes of obtaining Certification.

Inserted
effective 1.1.16

“**Clearing/Settlement Agent**” means a Direct Clearer/Settler that clears and settles on behalf of Issuers and/or Acquirers which are not Direct Clearer/Settlers.

Inserted
effective 1.1.16

“**Clearing System**” is defined in the IAC Regulations and means a domestic payments clearing and settlement system established in accordance with the Constitution which is operated by, or under the auspices of, the Company.

Amended
effective 1.1.20

“**Closed Loop Cards**” means electronic payment cards that are restricted in terms of where they can be used at the time of purchase.

Inserted
effective 1.1.20

“**CNP Transaction**” means a transaction which is initiated by a Cardholder using a Card to make a purchase from a Merchant not in the same physical location. For example, over the internet (including via a mobile browser) or in an application.

Inserted
effective 1.07.19

“**Code**” and “**IAC Code**” is defined in the IAC Regulations and means:

Amended
effective 1.1.20

- (a) Volume 1 of the IAC Code Set (Introduction and Member Obligations);
- (b) Volume 2 of the IAC Code Set (Issuers Code);

- (c) Volume 3 of the IAC Code Set (Acquirers Code);
- (d) Volume 4 of the IAC Code Set (Device Requirements and Cryptographic Management);
- (e) Volume 5 of the IAC Code Set (Settlement Code);
- (f) Volume 6 of the IAC Code Set (ATM System Code);
- (g) Volume 7 of the IAC Code Set (Card Not Present Code); and
- (h) any other set of threshold industry standards or requirements for Card Payments which the IAF may adopt as industry standards or requirements for the purposes of these Regulations, from time to time.

“**Commencement Date**” is defined in the IAC Regulations and means, subject to IAC Regulation 1.6(b), 1 July 2015.

Amended effective 1.1.20

“**Committee of Management**” means the IAF.

Amended effective 1.1.20

“**Commercial off-the-shelf**” and “**COTS**” means a product that is designed for mass-market distribution and can be bought by any civilian entity, i.e. an unrestricted product not solely used by the military.

Inserted effective 1.1.19

“**Company**” means AusPayNet.

“**Compliance Date**” means 31 December 2016.

“**Compromised Terminal**” means a Terminal that has been tampered with for fraudulent purposes.

“**Constitution**” is defined in the IAC Regulations and means the constitution of AusPayNet as amended from time to time.

Amended effective 1.1.20

“**Contactless Payment on COTS**” and “**CPoC**” [Deleted].

Deleted effective 16.12.21

“**Corporations Law**” means the Corporations Act 2001 (Cth) and associated subordinate legislation as amended from time to time.

“**Counterfeit ATM Transaction**” means a fraudulent ATM Transaction initiated with a counterfeit copy of a chip Card.

“**Counterfeit ATM Transaction Chargeback Date**” [Deleted]

Deleted effective 3.7.17

“**Counterfeit ATM Transaction Claim**” means a claim by an Issuer under the indemnity in clause 4.5(c) (Liability Shift for Counterfeit ATM Transaction), made in the manner set out in clause 4.6 (Liability Shift Claim Process) of the IAC Code Set Volume 6 (ATM System Code).

Amended effective 3.7.17

“Counterparty” means the IA Participant direct settler (for example, an Issuer) identified in a File Settlement Instruction submitted by an Originator (for example, an Acquirer or Lead Institution), in accordance with this IAC Code Set and the requirements of the RITS Low Value Settlement Service.

“Credit Items” is defined in the IAC Regulations to include all credit payment instructions, usually electronically transmitted, which give rise to Interchange Activity, except as may be specifically excluded by the IAC Regulations or the IAC Code Set.

Amended
effective 1.1.20

“CVC” and **“Card Verification Code”**: see **“Card Security Code”**.

Inserted
effective 1.7.20

“CVC1” and **“Card Verification Code1”**: see **“Card Security Code”**.

Inserted
effective 1.7.20

“CVD” and **“Card Verification Data”**: see **“Card Security Code”**.

Inserted
effective 1.7.20

“CVM” means Cardholder Verification Method.

Inserted
effective 20.8.18

“CVN” and **“Card Verification Number”**: see **“Card Security Code”**.

Inserted
effective 1.7.20

“CVV” and **“Card Verification Value”**: see **“Card Security Code”**.

Inserted
effective 1.7.20

“CVV2” and **“Card Verification Value2”**: see **“Card Security Code”**.

Inserted
effective 1.7.20

“Debit Chip Application” means domestically issued debit chip application.

“Debit Items” is defined in the IAC Regulations to include all debit payment instructions, usually electronically transmitted, which give rise to Interchange Activity, except as may be specifically excluded by the IAC Regulations or the IAC Code Set.

Amended
effective 1.1.20

“Device” means a device used for payment acceptance, transfer of keys or processing of cryptographic data. This includes but is not limited to a Secure Cryptographic Device.

Inserted
effective
16.12.21

“Device Approval Applicant” means the applicant seeking approval of a Device, Solution or Non-Standard Technology in accordance with the Device Approval Process.

Last amended
effective
16.12.21

“Device Approval Process” means the process for approval of Devices, Solutions and Non-Standard Technology published by AusPayNet on its website, as updated from time to time. To avoid doubt, the Device Approval Process is not an operative part of the IAC Code Set and may be varied by the Chief Executive Officer without the need to obtain the approval of the IAF or any other person.

Last amended
effective
16.12.21

“Direct Charge” means a direct charge applied by an IA Participant under the Direct Charging Rules in Annexure F of IAC Code Set Volume 6 (ATM System Code).

Inserted
effective 1.1.16

“Direct Clearing/Settlement Arrangements” means an arrangement between two indirectly connected IA Participants for the purposes of clearing and settlement with each other as Direct Clearer/Settlers.

Inserted
effective 1.1.16

“Direct Connection” means a direct communications link between two IA Participants for the purposes of:

Inserted
effective 1.1.16

- (a) exchanging ATM Transaction messages in respect of their own activities as an Issuer or as an Acquirer; and/or
- (b) exchanging ATM Transaction messages on behalf of other Issuers or Acquirers.

“Direct Settler” or **“Direct Clearer/Settler”** means:

Inserted
effective 1.1.16

- (a) an Acquirer that is an IA Participant that:
 - (i) clears Items directly; and
 - (ii) settles directly, using its own ESA or using a means approved by the Management Committee,

with an Issuer, or with a representative of an Issuer appointed to settle on behalf of that Issuer for the value of payment obligations arising from Interchange Activities between it and that Issuer;

- (b) an Issuer that is an IA Participant that:
 - (i) clears Items directly; and
 - (ii) settles directly, using its own ESA,

with an Acquirer, or with a representative of an Acquirer appointed to settle on behalf of that Acquirer for the value of payment obligations arising from Interchange Activities between it and that Acquirer; or
- (c) a body corporate of the kind referred to in Volume 4 of the IAC Regulations, which represents one or more Acquirers or Issuers and, in such capacity, settles directly in accordance with Regulation 11.3(a) for the value of payment obligations arising from the Interchange Activities of those Acquirers or Issuers.

“Disputed Transaction” means an ATM Transaction:

Amended
effective 1.1.16

- (a) which the Cardholder denies having initiated; or
- (b) where the ATM Transaction amount is claimed to be incorrect; or
- (c) in respect of which the ATM Operator Fee is claimed to be incorrect.

Inserted
effective 1.1.16

Inserted
effective 1.1.16

Inserted
effective 1.1.16

“Disruptive Event” means any processing, communications or other failure of a technical nature, which affects, or may affect, the ability of any IA Participant to engage in Interchange Activity.

“Double-length Key” means a key of length 128 bits including parity bits or 112 bits excluding parity bits.

“Doubtful ATM Transactions” means those ATM Transactions which appear to have been successfully completed, although the ATM Transaction may not be recorded against the relevant Cardholder account.

Last amended effective 21.11.16

“EFT” means Electronic Funds Transfer.

“EFTPOS” means Electronic Funds Transfer at Point of Sale.

“EFTPOS PED” [Deleted]

Deleted effective 20.8.18

“EFTPOS Terminal” means a Terminal for processing EFTPOS Transactions.

Inserted effective 1.1.19

“EFTPOS Transaction” is defined in the IAC Regulations and means a Transaction conducted at a Merchant’s point of sale using a Terminal.

Last amended effective 1.1.20

“EMV” means the specifications as published by EMV Co. LLC.

“EMV@ATM Terminal Standards” means the standards and requirements set out in IAC Code Set Volume 6 (ATM System Code) Annexure G.

Amended effective 1.1.20

“EMV Compliant” in relation to an ATM Terminal means the ATM Terminal is compliant with the EMV@ATM Terminal Standards.

Amended effective 16.12.21

“EMV Phase 1” means the transition arrangements through which a Transaction is created from the use of an EMV compliant Australian IC Card prior to the migration of the ATM system to full EMV functionality.

Amended effective 3.7.17

“EMV Standards” means:

- (a) in relation to Cards, the standards applicable to the Debit Chip Application loaded on the Card; and
- (b) in relation to ATM Terminals, means the standards set out in the IAC Code Set Volume 6 (ATM System Code) Annexure G EMV@ATM Terminal Standards.

Amended effective 1.1.20

“Encapsulating Security Payload” and **“ESP”** is a member of the IPsec protocol suite providing origin authenticity, integrity, and confidentiality protection of packets in tunnel mode, where the entire original IP packet is encapsulated, with a new packet header added which remains unprotected.

“**Encrypting PIN Pad**” and “**EPP**” means an Approved Device which is a component of a Terminal that provides secure PIN entry and cryptographic services to that Terminal.

“**ePayments Code**” means the code of conduct administered by the Australian Securities and Investments Commission.

“**Error of Magnitude**” means an error (or a series of errors) of or exceeding \$2 million or such other amount as may be determined from time to time by the Committee of Management.

“**Evaluation Facility**” [Deleted]

Deleted effective 1.1.19

“**Evaluation Report**” means a report prepared by a laboratory and provided to the Company for the purpose of the Device Approval Process.

Last amended effective 16.12.21

“**Exchange Settlement Account**” and “**ESA**” means an exchange settlement account, or similar account, maintained by a Framework Participant with the RBA used for, among other things, effecting settlement of inter-institutional payment obligations.

“**Fallback Transaction**” means an ATM Transaction initiated using a chip Card, which is processed and authorized by the Issuer using magnetic stripe data, in the circumstances described in IAC Code Set Volume 6 (ATM System Code) Annexure G.5.1.

Last amended effective 1.1.20

“**File Recall Instruction**” means a file in the format prescribed by the Reserve Bank of Australia and complying with the specifications for the RITS Low Value Settlement Service which can be accessed via a link on the Company’s extranet.

“**File Recall Response**” means a response to a File Recall Instruction, generated by the RITS Low Value Settlement Service.

“**File Settlement Advice**” means an advice in relation to a File Settlement Instruction, generated by the RITS Low Value Settlement Service.

“**File Settlement Instruction**” means a file in the format prescribed by the Reserve Bank and complying with the specifications for the RITS Low Value Settlement Service which can be accessed via a link on the Company’s extranet.

“**File Settlement Response**” means a response to a File Settlement Instruction, generated by the RITS Low Value Settlement Service.

“**Framework Participant**” is defined in the IAC Regulations and means a Constitutional Corporation:

Amended effective 1.1.20

- (a) which is deemed to be a Framework Participant pursuant to Regulation 4.4; or

- (b) whose Membership Application has been accepted pursuant to Regulation 4.3(f); and

in each case whose membership has not been terminated pursuant to Regulation 6.5.

“Fraudulent CNP Transaction” means a CNP Transaction which is also a Fraudulent Transaction.

Inserted
effective 1.07.19

“Fraudulent Transaction” means a Transaction reported to an international card scheme as fraudulent which:

Inserted
effective 1.07.19

- (a) includes but is not limited to unauthorised payment transactions and authorised payers acting dishonestly;
- (b) but excludes Transactions with Cards that were originally established using stolen or false identity information.

“HMAC” and **“Hash-based Message Authentication Code”** is a specific construction for calculating a message authentication code (MAC) involving a cryptographic hash function in combination with a secret key. HMACs are formed in conformance with AS2805.4.2 Electronic funds transfer—Requirements for interfaces Information technology -- Security techniques -- Message Authentication Codes (MACs) - Mechanisms using a dedicated hash-function.

“Hot Card” means a Card which has been reported by the Cardholder as lost or stolen, or for which there is evidence of fraudulent use.

“IA Participant” is defined in the IAC Regulations and means a Framework Participant which is either:

Amended
effective 1.1.20

- (a) an Issuer; or
- (b) an Acquirer; or
- (c) a body corporate which represents one or more Issuers or Acquirers and, in such capacity, settles directly in accordance with Regulation 11.3(a)(ii) for the value of the payment obligations arising from the Interchange Activities of those Acquirers or Issuers.

“IAC” is defined in the IAC Regulations and means the Issuers and Acquirers Community constituted by the IAC Regulations.

Amended
effective 1.1.20

“IAC Card Standards” means the standards for Cards set out in the IAC Code Set Volume 2 (Issuer Code).

Amended
effective 1.1.20

“IAC Code Set” is defined in the IAC Regulations and means the codes, practices, procedures, standards and/or specifications published pursuant to Regulation 11.1.

Amended
effective 1.1.20

-
- “**IAC Interchange Line**” means an Interchange Line that is not otherwise prescribed by an Approved Card Payment System. Inserted effective 1.1.20
- “**IAC Interchange Link**” means an Interchange Link that is not otherwise prescribed by an Approved Card Payment System. Inserted effective 1.1.20
- “**IAC Operational Broadcast**” means the form set out in IAC Code Set Volume 1 (Introduction and Member Obligations) Annexure D. Amended effective 1.1.20
- “**IAC Settlement Rules**” means the set of rules and requirements for the settlement of obligations arising as a result of exchange of Items set out in IAC Code Volume 5 (Settlement Code). Amended effective 1.1.20
- “**IAF**” or “**Issuers and Acquirers Forum**” is defined in the IAC Regulations and means the governing body for the IAC constituted by Part 7 of the IAC Regulations. Amended effective 1.1.20
- “**IC Card**” and “**ICC**” means a Card that contains an integrated circuit and that conforms to the EMV specifications.
- “**iCVV**” and “**iCard Verification Value**”: see “**Card Security Code**”. Inserted effective 1.7.20
- “**Institutional Identifier Change Date**” means one of at least three dates in each calendar year specified by the IAF and notified by the Company to IA Participants prior to the commencement of that calendar year as being the Institutional Identifier Change Dates for that year. Amended effective 1.1.20
- “**Interchange**” means the exchange of Items for value between Acquirers and Issuers, via an Interchange Link, as a result of the use of an Issuer’s Card by a Cardholder to generate a Transaction. Interchange arrangements may, but need not, be reciprocal.
- “**Interchange Activity**” is defined in the IAC Regulations and means: Amended effective 1.1.20
- (a) the direct or indirect exchange of Items for value between Acquirers and Issuers, as a result of the use of an Issuer’s Card by a Cardholder to generate a Card Payment from facilities owned and/or operated by the Acquirer or a third party. Interchange arrangements may, but need not be, reciprocal; or
 - (b) the exchange of Card Payment instructions and related messages between Acquirers and Issuers, pursuant to the rules of an Approved Card Payment System; or
 - (c) any other Card-based electronic interchange activities from time to time approved for the purposes of this definition by the IAF.
- “**Interchange Agreement**” means an agreement between an Acquirer and an Issuer that regulates the arrangements relating to Interchange Activity between them.
-

“**Interchange Fee**” means a fee charged to one party to an Interchange Activity by the other party to the Interchange Activity for access to its consumer electronic payments facilities.

“**Interchange Line**” means the physical communications infrastructure that provides the medium over which Interchange Activity is supported. An Interchange Line contains, at a minimum, one Interchange Link.

“**Interchange Line Encryption**” means encryption of the entire message, with the exception of communication headers and trailers that is being passed across an Interchange Line using, as a minimum, double-length keys and a triple-DES process.

“**Interchange Link**” means the logical link between an Acquirer and an Issuer which facilitates Interchange Activity between them. Interchange Links are supported physically by an Interchange Line, and are either direct between an Acquirer and Issuer or indirect via a third party intermediary.

“**Interchange Link Message Authentication**” means calculation and verification of the Message Authentication Code (MAC) that is being passed across an Interchange Link.

“**Interchange Link PIN Encryption**” means encryption of the PIN in accordance with ISO 9564.1 and IAC Code Set Volume 4 Clause 2.7(d)(i).

Amended
effective
21.11.16

“**Interchange Settlement Report**” means a report substantially in the form of Annexure A in IAC Code Set Volume 5 (Settlement Code).

“**Internet Key Exchange**” and “**IKE**” is the protocol used to set up a security association in the IPsec protocol suite.

“**ISO**” means an international standard as published by the International Standards Organization.

“**Issuer**” is defined in the IAC Regulations and means a Constitutional Corporation which, pursuant to the rules of an Approved Card Payment System, issues a Card to a Cardholder and, in connection with any Card Payment effected using that Card:

Amended
effective 1.1.20

- (a) assumes obligations to the relevant Cardholder, which obligations are in the first instance discharged on its behalf by an Acquirer; and
- (b) engages, directly or indirectly, in Interchange Activity with that Acquirer as a result.

“**Issuer Authentication**” [Deleted]

Deleted
effective 1.01.20

“**Issuer Fraud Rate**” means the aggregate of Fraudulent Transactions as calculated in accordance with the IAC Code Set Volume 7 (Card Not Present Code), clause 3.1.1.

Amended
effective 1.01.20

“Issuer Fraud Threshold” means the maximum allowable Issuer Fraud Rate as set out at IAC Code Set Volume 7 (Card Not Present Code clause 3.1.1(b)).

Amended
effective 1.01.20

“Issuer Identification Number” and **“IIN”** means a six digit number issued by ISO or Standards Australia that identifies the major industry and the card issuer. The IIN also forms the first part of the primary account number on the Card.

“Issuer Sequence Number” means a one or two digit number used at the option of the Issuer to identify a Card which may have the same primary account number as another Card and possible different accessible linked accounts.

“Items” is defined in the IAC Regulations and means Credit Items or Debit Items.

Amended
effective 1.1.20

“Key Encrypting Key” and **“KEK”** means a key which is used to encipher other keys in transport and which can be used to exchange Session Keys between two systems.

“Key Loading Device/Key Injection Device” and **“KLD/KID”** means a hardware device and its associated software that is used to inject keys into a Terminal.

Amended
effective 29.4.16

“Key Transfer Device” and **“KTD”** means a hardware device that is used to transfer a cryptographic key between devices. Typically KTDs are used to transfer keys from the point of creation to Terminals in the field.

“Lead Institution” means a financial institution responsible for direct settlement of scheme payment obligations.

“Letter of Approval” means a letter, issued by the Company, approving the use of a Device, Solution or Non-Standard Technology within IAC or any other notification of device approval contemplated in the Device Approval Process.

Amended
effective
16.12.21

“LVSS” means the RITS Low Value Settlement Service.

“LVSS BCP Arrangements” means the contingency plan and associated documents published by the Reserve Bank of Australia for the purposes of the RITS Low Value Settlement Service, and which can be accessed via a link on the Company’s extranet.

“LVSS Contact” means the person nominated by a IA Participant as its primary contact for LVSS inquiries, as listed on the Company’s extranet.

“Merchant” means a person which:

Amended
effective 1.1.19

- (a) supplies goods or services to a Cardholder; and
- (b) has an agreement with an Acquirer to process and settle Card Payments.

- “Merchant Fraud Rate”** means the aggregate of Fraudulent Transactions as calculated in accordance with IAC Code Set Volume 7 (Card Not Present Code), clause 3.3.2(a). Amended effective 1.01.20
- “Merchant Fraud Threshold”** means the maximum allowable Merchant Fraud Rate as set at IAC Code Set Volume 7 (Card Not Present Code), clause 3.3.2(b). Amended effective 1.01.20
- “Message Authentication Code”** and **“MAC”** means a code, formed using a secret key, appended to a message to detect whether the message has been altered (data integrity) and to provide data origin authentication, MACs are formed in conformance with AS 2805.4. Amended effective 20.8.18
- “Nine AM (9am) Settlement”** means the multilateral settlement of obligations arising from previous days’ clearings of low value payments which occurs in RITS at around 9am each business day that RITS is open.
- “NODE”** or **“Node”** means a processing centre such as an Acquirer, an Issuer, or an intermediate network facility.
- “Non-Standard Technology”** means a Device, Solution or other technology that by nature of its design is unable to meet accepted standards defined in the Device Approval Process. Amended effective 16.12.21
- “Notice of Standard – Merchant Pricing for Credit, Debit and Prepaid Card Transactions”** is the informative guide referred to in clause 2.1.2 and set out in Annexure F to the IAC Code Set Volume 1 (Introduction and Member Obligations) relating to the notification requirements in the Reserve Bank’s Scheme Rules relating to Merchant Pricing for Credit, Debit and Prepaid Card Transactions (Standard No. 3 of 2016). Inserted effective 1.6.17
- “On-us Transactions”** means Transactions that do not traverse Interchange and where the Acquirer and card Issuer are the same entity. Inserted effective 1.1.20
- “Originator”** means the party (for example an Acquirer direct settler or Lead Institution) which, as a result of either acquiring a Transaction or, in the case of a Lead Institution, by arrangement, is responsible for the submission of a File Settlement Instruction in accordance with this IAC Code Set and the requirements of the RITS Low Value Settlement Service.
- “Operator Member”** is defined in the IAC Regulations and means a Constitutional Corporation which: Amended effective 1.1.20
- (a) has been admitted, or which is eligible for admission, to membership of the Company pursuant to Article 2.11 of the Constitution;
 - (b) is the operator or administrator of an Approved Card Payment System; and
 - (c) is determined by the IAF to meet the Approval Criteria for Operator Members.

“Partial Dispense” means a Transaction that results in an amount of Cash being dispensed from an ATM that is less than the amount requested by the Cardholder.

“PCISSC” means the Payment Card Industry Security Standards Council.

Amended effective 20.8.18

“PCI Evaluation Report” [Deleted]

Deleted effective 16.12.21

“PCI Plus Evaluation Report” [Deleted]

Deleted effective 16.12.21

“PCI Plus Requirements” [Deleted]

Deleted effective 16.12.21

“PCI Points” [Deleted]

Deleted effective 16.12.21

“PED” means a PIN Entry Device.

“Physically Secure Device” means a device meeting the requirements specified in AS 2805.14.1 for a physically secure device. Such a device, when operated in its intended manner and environment, cannot be successfully penetrated or manipulated to disclose all or part of any cryptographic key, PIN, or other secret value resident within the device. Penetration of such a device shall cause the automatic and immediate erasure of all PINs, cryptographic keys and other secret values contained within the device.

Amended effective 21.11.16

“PIN” is defined in the IAC Regulations and means a personal identification number which is either issued by an Issuer, or selected by a Cardholder for the purpose of authenticating the Cardholder by the Issuer of the Card.

Amended effective 1.1.20

“PIN Entry Device” and **“PED”** means a component of a Terminal which provides for the secure entry and encryption of PINs in processing a Transaction.

“POI” means Point Of Interaction technologies that can be provided to a Merchant to undertake Card Payments. POI technologies include attended and unattended Point of Sale (POS) devices and ATMs.

Inserted effective 1.1.16

“POS” means Point of Sale.

Inserted effective 1.1.19

“Prepaid Card” means a Card that:

- (a) enables the Prepaid Cardholder to initiate electronic funds transfers up to a specified amount (subject to any other conditions that may apply); and
- (b) draws on funds held by the Prepaid Program Provider or third party by arrangement with the Program Provider (as opposed to funds held by the Prepaid Cardholder).

The definition of a Prepaid Card extends to both single use and reloadable/multiple use Cards.

“Prepaid Cardholder” means a person that is in possession of a Prepaid Card.

“Prepaid Program Provider” means either:

- (a) an Issuer that issues a Prepaid Card; or
- (b) a person that issues a Prepaid Card in conjunction with a sponsoring Issuer.

“PVC” means Public Key Verification Code.

Inserted
effective 20.8.18

“Quarter” means the unit of 3 months commencing on either 1 January, 1 April, 1 July or 1 October.

Inserted
effective 1.07.19

“Recognised APS” is defined in the IAC Regulations and has the meaning given in the Constitution.

Amended
effective 1.1.20

“Record of Transaction” has the meaning given in the ePayments Code and IAC Code Set Volume 3 (Acquirer Code).

“Regulations or the **“IAC Regulations”** is defined in the IAC Regulations and means the regulations for IAC (including, without limitation, the annexures and schedules to the Regulations) as amended from time to time. A reference to a particular Regulation has a corresponding meaning.

Amended
effective 1.1.20

“Remote Management Solution” and **“RMS”** means a solution comprising both hardware and software which connects to an SCM over a network and provides access to an SCM while it is in a sensitive state.

“Reporting Date” means the 30th day of the month which follows the end of each Quarter, being 30 April, 30 July, 30 October or 30 January. If the 30th day of the month occurs on a weekend, the Reporting Date for that month will be the first business day following the 30th day.

Amended
effective 1.1.21

“Reserve Bank” means the Reserve Bank of Australia.

“Retained Card” in relation to an ATM Transaction, has the meaning given in clause 2.8 of IAC Code Set Volume 6 (ATM System Code).

“Risk Based Analysis” has the meaning given to it in IAC Code Set Volume 7 (Card Not Present Code), clause 2.1.1.

Amended
effective 1.01.20

“RITS” means the Reserve Bank Information and Transfer System.

“RITS Low Value Settlement Service” means the Reserve Bank’s settlement file transfer facility which must be used by:

- (a) each Acquirer and Lead Institution to submit File Settlement Instructions and associated File Recall Instructions; and

- (b) each Acquirer, Lead Institution and Issuer, if it so elects, to receive File Settlement Advices, File Settlement Responses and File Recall Responses.

“RITS Regulations” means the regulations for RITS published by the Reserve Bank of Australia.

“SCD Security Standards” [Deleted] Deleted effective 16.12.21

“SCM” means a Security Control Module sometimes referred to as a Hardware Security Module (HSM). Amended effective 20.8.18

“Secretary” is defined in the IAC Regulations and means a person appointed by the Chief Executive Officer to perform the duties of secretary of the IAF under Regulation 7.14. Amended effective 1.1.20

“Secure Card Reader PIN” and **“SCRIP”** [Deleted] Deleted effective 16.12.21

“Secure Cryptographic Device” and **“SCD”** means a device that provides physically and logically protected cryptographic or PIN handling services and storage e.g., EPP, Terminal, SCM, Key Loading and Transfer Device or hardware security module. Last amended effective 16.12.21

“Security Control Module” and **“SCM”** means a physically and logically protected hardware device that provides an intentionally limited set of secure cryptographic services. Amended effective 1.1.19

“Session Key” is a generic reference to any one of a group of keys used to protect Transaction level data. Session keys exist between two discrete points within a network (e.g., host-to-host and host-to-terminal).

“Settlement Items” is defined in the IAC Regulations and means, Items which are either: Amended effective 1.1.20

- (a) ATM Transactions cleared under the auspices of the IAC Code Set Volume 6 (ATM System Code); or
- (b) EFTPOS Transactions cleared pursuant to the Rules prescribed for the EFTPOS Card Payment System (as defined in those Rules) by the administrator of that system; or
- (c) credit payment instructions referable to a transaction of the type described in paragraphs (a) and (b).

“Software-based PIN entry on COTS” and **“SPoC”** [Deleted] Deleted effective 16.12.21

“Solution” means wholly infrastructure-based methodology used for payment acceptance, transfer of keys or processing of cryptographic data. Inserted effective 16.12.21

“SPC” and **“Signature Panel Code”**: see **“Card Security Code”**. Inserted effective 1.7.20

“**Sponsor**” means the Acquirer which, as among all Acquirers for a Terminal, is taken to be the lead Acquirer for that Terminal, with ultimate responsibility for the integrity and security of software and encryption keys for Transactions involving that Terminal.

Amended
effective 20.8.18

“**Standard Interchange Specification**” means the technical specification set out in Annexure A of IAC Code Set Volume 6 (ATM System Code).

Inserted
effective 1.1.16

“**Statistically Unique**” means an acceptably low statistical probability of an entity being duplicated by either chance or intent. Technically, statistically unique is defined as follows:

“For the generation of n -bit quantities, the probability of two values repeating is less than or equal to the probability of two n -bit random quantities repeating. Thus, an element chosen from a finite set of $2n$ elements is said to be statistically unique if the process that governs the selection of this element provides a guarantee that for any integer $L \leq 2n$ the probability that all of the first L selected elements are different is no smaller than the probability of this happening when the elements are drawn uniformly at random from the set.”

“**Strong Customer Authentication**” or (“**SCA**”) has the meaning given to it in IAC Code Set Volume 7 (Card Not Present Code), clause 2.1.2.

Amended
effective 1.01.20

“**Tamper-responsive SCM**” means a Security Control Module that when operated in its intended manner and environment, will cause the immediate and automatic erasure of all keys and other secret data and all useful residues of such data when subjected to any feasible attack. A Tamper-responsive SCM must comply with the requirements of IAC Code Set Volume 4 (Device Requirements and Cryptographic Management).

“**Terminal**” means an electronic device which can be used to initiate a Transaction e.g. ATM, UPT or EFTPOS Terminal.

Last amended
effective 1.1.19

“**Terminal Identification Number**” means the unique identification number assigned by an Acquirer to identify a particular Terminal.

“**Terminal Sequence Number**” means a number allocated sequentially to each Transaction by the relevant Terminal.

“**Third Party Provider**” means a body corporate which provides an outsourced facility to a IA Participant for any function involving:

- (a) interchange;
- (b) PIN processing;
- (c) transaction processing;
- (d) key management; or

- (e) any other service which directly or indirectly supports any of the functions described in clauses (a) to (d) above.

“Threshold Requirement” is defined in the IAC Regulations and means a requirement under the IAC Regulations or in this IAC Code Set which the IAF determines to be so fundamental to the integrity and safety of Card Payments that compliance is to be enforceable by imposition of a fine under Regulation 6.2, the details of which are published on the Company’s extranet.

Amended
effective 1.1.20

“Track Two Equivalent Data” means the contents of the EMV data element tag 57. This data element contains the data elements of track two according to AS 3524-2008, excluding start sentinel, end sentinel and Longitudinal Redundancy Check.

“Transaction” is defined in the IAC Regulations and means an electronic funds transfer, cash withdrawal or other transaction initiated by a Cardholder using a Card which allows for the accessing of available funds held in an account, or a credit facility linked to an account, or account information.

Last amended
effective 1.1.20

“Triple-DES” means the encryption and decryption of data using a defined compound operation of the DEA-1 encryption and decryption operations. Triple-DES is described in AS2805.5.4.

“Unattended Device” means a device intended for principal deployment in a location not subject to the regular day-to-day oversight by a trusted employee of the Acquirer or their trusted agent.

“Unattended Payment Terminal” and **“UPT”** means a Terminal intended for deployment in an EFTPOS network without Merchant oversight.

Next page is 2.1

PART 2 DEVICE SECURITY STANDARDS [DELETED]

Deleted effective
16.12.21

[Deleted]

Next page is 3.1

PART 3 DEVICE APPROVALS

Last amended
effective
16.12.21

This Part 3 contains the IAC's requirements of the Company in relation to the approval of Devices, Solutions and Non-Standard Technologies for use in Interchange. Part 1.1 of this Volume 4 states the purpose of the IAC. In the context of Approved Devices that purpose includes balancing the interest of maintaining the security and integrity of Australian Card Payments with the interest of promoting innovation and competition.

3.1 Device Approval Process

Last amended
effective
16.12.21

- (a) The Company is responsible for:
- (i) establishing the Device Approval Process;
 - (ii) reviewing and determining applications from Device Approval Applicants including determining any conditions to be attached to an approval, delta approval, and revocation of any approval, as contemplated in the Device Approval Process;
 - (iii) issuing Letters of Approval;
 - (iv) amending the Device Approval Process; and
 - (v) publishing the Approved Devices List on the AusPayNet website.
- (b) Each of the responsibilities of the Company specified in (a) may be exercised by the Company with the approval of the Chief Executive Officer, without the need to obtain approval of the IAF or any other person.

3.2 Approval of Devices [Deleted]

Deleted effective
16.12.21

3.3 Approved Evaluation Facilities [Deleted]

Deleted effective
16.12.21

3.4 Evaluation Costs [Deleted]

Deleted
effective 1.1.19

3.5 Agreements [Deleted]

Deleted
effective 1.1.19

3.6 Evaluation Facility Accreditation Process [Deleted]

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effective 1.1.19

Next page is 4.1

PART 4 CRYPTOGRAPHIC STANDARDS AND KEY MANAGEMENT

4.1 Cryptographic Key Management – General

Unless specifically detailed elsewhere, the following key management practices must apply. All cryptographic key management practices must conform to AS 2805.6.1.

4.2 Transport Keys

4.2.1 *Approved Encryption Algorithms for Transport Keys*

DEA2 and DEA3 are the only approved algorithms for the protection of keys in transport.

4.2.2 *Minimum Key Length for Transport Keys*

- (a) DEA2 keys of less than 2048 bits are to be treated as single use keys and their use is deprecated.
- (b) DEA2 key lengths of less than 1024-bits are unsuitable for general use. Preferred DEA2 key lengths are equal to or greater than 2048 bits in length and should be used in all new implementations where hardware constraints do not exist.
- (c) Triple DES (DEA3) may use either 128-bit or 192-bit key sizes.

4.2.3 *Key Life Cycle Practices for Transport Keys*

- (a) DEA3 Key Transport Keys are single use keys only.
- (b) Symmetric Key Transport Keys must be freshly generated to protect keys in transport and then securely destroyed after use.
- (c) At the time of publication, DEA2 keys of size equal to or in excess of 2048 bits are deemed acceptable for a key change interval (life time) of two (2) years.

4.3 Domain Master Keys (DMK)

These keys are used within a financial institution to protect keys stored internal to the organisation.

4.3.1 *Minimum Key Length for Domain Master Keys*

Domain Master Keys must be DEA3 keys with a minimum length of 128-bits (112 effective).

4.4 IAC Interchange Cryptographic Keys

Amended
effective 1.1.20

4.4.1 Introduction

Interchange keys are used to protect financial Transactions initiated at Acquirer Terminals while in transit to the Issuer institution. Interchange keys may be either:

- (a) PIN encrypting keys – used to protect the customer PIN from the point of origin to the point of authorisation. PIN encrypting keys are a specific instance of session keys;
- (b) Message authentication keys – used to ensure message integrity. Message authentication keys are a specific instance of session keys;
- (c) Data Protection Keys – used to provide confidentiality of messages. Data protection keys are a specific instance of session keys;
- (d) Session keys – used to secure, validate and protect the financial message. Session keys can be further qualified into those used in the Terminal to Acquirer environment (Terminal session keys) or on node to node links (interchange session keys);
- (e) Key Encrypting Keys (KEK)– used to protect other keys (e.g., session keys) during exchange; or
- (f) Transport Keys – used to protect keys (e.g., KEKs) during transport to the partner institution.

4.4.1 Cryptographic Algorithms

- (a) DEA3 and DEA2 are the only approved algorithms for the protection of interchange information (full details of these algorithms may be found in the Australian standards AS 2805.5.4 and AS 2805.5.3 respectively).
- (b) DEA3 keys are 128 bits in length (effectively 112 bits) and are generally referred to as triple DES or 3DES keys (the corresponding encryption algorithm is specified in AS 2805.5.4). Triple DES may also be acceptably implemented using a key length of 192 bits (effectively 168 bits).
- (c) DEA3 with a key length of 128 bits and DEA2 with key lengths equal to, or greater than 2048 bits are the minimum acceptable requirements for the effective protection of interchange information at the time of the issuance of this document.
- (d) In accordance with AS 2805.3.1, DEA3 must be used for PIN encipherment. Acquirers who do not comply with this requirement are responsible for any Issuer loss (direct or indirect) arising from the compromise of PIN data due to a breach of this requirement.

Amended
effective
16.12.21

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- 4.5 IAC Interchange Links** Amended effective 1.1.20
- 4.5.1 IAC Interchange Security Requirements** Amended effective 1.1.20
- For all IAC Interchange Links, Issuers and Acquirers must ensure that: Amended effective 1.1.20
- (a) security for Transactions processed over that IAC Interchange Link complies with: AS 2805.6 series; Amended effective 1.1.20
 - (b) security for Transactions from Terminal to Acquirer and from Acquirer to Issuer complies with: AS 2805.6 series;
 - (c) PIN security and encryption complies with AS 2805. 3.1 and clause 4.8 of this IAC Code Set Volume 4; Amended effective 29.4.16
 - (d) Key management practices comply with AS 2805.6.1;
 - (e) Message Authentication must apply to all IAC Interchange Links; Amended effective 1.1.20
 - (f) The Message Authentication Code (MAC) must be calculated using, as a minimum, a DEA 3 (128-bit) key, Triple-DES and an algorithm conforming to AS 2805.4.1; and
 - (g) all interchange PIN and MAC cryptographic functions must be performed within an SCM that is an Approved Device. Amended effective 16.12.21
- 4.5.2 Key Management Practices – IAC Interchange Links** Amended effective 1.1.20
- Clause 4.5.2 is Confidential**
- 4.6 KEK Establishment**
- 4.6.1 Introduction**
- (a) The security of Interchange is critically dependent on the secure installation of the Interchange Key Encrypting Keys. It is critically important that safe, sound and secure practices be adopted for the generation, handling, transport, storage and installation of interchange Key Encrypting Keys.
 - (b) The initial establishment of Key Encrypting Keys must employ one of the methods identified in this clause namely:
 - (i) AS 2805.6.6 method;
 - (ii) Native RSA key method;
 - (iii) KTK method;
 - (iv) KEK Component method.
-

- (c) For those members employing AusPayNet standard Security Control Modules where RSA functionality exists, the Native RSA initialisation method is preferred.

4.6.2 AS 2805.6.6 method

- (a) This Interchange key initialisation process employs an RSA key pair generated internally by the Security Control Module (SCM).
- (b) With this method each SCM has a set of pre-generated RSA key pairs.
- (c) The key exchange procedure is the following:
 - (i) partners exchange (via a secure channel¹) their public RSA keys (IPK) and the associated verification codes;
 - (ii) each partner authenticates and installs the partner's IPK;
 - (iii) Key management proceeds in accordance with the requirements of AS 2805.6.6.
- (d) Advantages

This method is the only mechanism providing for full automation of subsequent key changes and for that reason is preferred.

- (e) Disadvantages

This method may require changes to the application if it is to be supported.

4.6.3 Native RSA key method

- (a) This Interchange key initialisation process employs a RSA key pair generated internally by the Security Control Module (SCM).
- (b) With this method each SCM has a set of pre-generated RSA key pairs.
- (c) When generated on request, the Interchange Key Encrypting Key (KEKs) is signed by the native private key² and encrypted by the partner's public key. In this signed and encrypted format, the Interchange KEKs will be sent to the partner where it will be translated into the form required by the application (that is by encryption under the KM). For the receiving partner it will become KEK Receive.

¹ In the absence of a secure email channel, authenticity of public keys should be achieved by some other means, for example by verifying the corresponding PVC-s through a different communication channel, such as telephone or facsimile

² Actually the hash of the key is signed.

- (d) The key exchange procedure is the following:
- (i) Partners exchange (via a secure channel³) their public RSA keys. This is a prerequisite to generate KEKs. The format of the data for the exchange of the public key uses three lines of text:
 - (A) the public key modulus;
 - (B) the public key exponent; and
 - (C) the public key verification code (PVC).

Note that the ASCII hex presentation of data applies.

- (e) The PVC will be mutually confirmed over the telephone by the key exchange representatives:
- (i) Each partner generates their KEK Send, that is cryptographically protected under RSA;
 - (ii) Each partner submits the protected KEK Send to the Interchange partner (typically by secure email). The format of the data for the exchange of the KEK uses three lines of text:
 - (A) the signed hash;
 - (B) the encrypted KEK; and
 - (C) the key verification code (KVC).

Note that the ASCII hex presentation of data applies.

- (f) The KVC will be mutually confirmed over the telephone by the key exchange representatives.
- (i) the received KEK becomes KEK Receive. KEK Receive is translated from encryption/signing under RSA(s) to encryption under KM for local key database storage;
 - (ii) both KEK Send and KEK Receive are stored in the required location in the key database; ensuring that the corresponding KEK KVC matches on both sides;
 - (iii) the interchange is started using the new Interchange KEK keys.

³ In the absence of a secure email channel, authenticity of public keys should be achieved by some other means, for example by verifying the corresponding PVC-s through a different communication channel, such as telephone or facsimile.

- (g) The corresponding SCM functions are: C500 GETPUBLIC, C600 NODEKEKSEND, C610 NODEKEKREC.
- (h) Advantages
 - (i) This method does not require any specific update/integration on the application part. i.e., the use of RSA is completely transparent to the application and therefore all Interchange parties can exchange keys through this method without any proprietary changes to their native application (as long as they have the required functions in their SCM).
 - (ii) There is significant current experience with this method more so than with the other two random KEK methods - this method has proved to be very efficient and reliable in practice.
- (i) Disadvantages
 - (i) The main operational disadvantage is the dependency upon a particular (“dedicated”) security device. In a generic case there is no guarantee that the used RSA key pair, from a particular SCM device, has not changed since the last key exchange, e.g., if the device was reset or a new device installed. Therefore the interchange key (KEK) change process requires exchange of RSA keys every time. For this reason this method is currently implemented as an off-line process and as such it is not recommended for automation.

4.6.4 KTK Method

- (a) This method relies on a transport 3DES key that is provided to the SCMs of both Interchange partners and used to encrypt the Interchange KEKs. For key loading, KTK will typically be presented in multiple XOR key components and each partner will contribute to its construction supplying at least one component.
- (b) In the AusPayNet SCM specification SCMs, the functions used are D501 KEKGEN-6.3 and D502 KEKREC-6.3.
- (c) When generated on request, the Interchange key (KEK Send) is encrypted under the KTK and submitted to the partner where it needs to be translated into the form required by the application (encryption under the KM). For the receiving partner it will become KEK Receive.
- (d) The key exchange procedure is the following:
 - (i) each interchange partner generates at least one KTK component and submits it through a secure channel to the corresponding Interchange partner for loading into an SCM;
 - (ii) KTK is loaded by each partner;

- (iii) the KVCs are verified;
- (iv) each partner generates their KEK Send, that is cryptographically protected under KTK;
- (v) each partner submits the protected (encrypted) KEK Send to the partner (typically by secure email);
- (vi) the received KEK becomes KEK Receive. KEK Receive is translated from encryption under KTK to encryption under KM for local key database storage;
- (vii) both KEK Send and KEK Receive are stored in the required location in the key database; ensuring that the corresponding KVC matches on both sides;
- (viii) the interchange is re-started using the new Interchange keys.

(e) Advantages

For parties that cannot support RSA keys either functionally or by security policy, this is a simple reliable 'traditional' approach. Its impact to the application design is the same as for the RSA native method, i.e., either method may be used transparently to the application as long as the SCM interface utility supports the corresponding SCM calls.

(f) Disadvantages

The clear KTK components must be securely exchanged between the partners and also loaded into the SCMs through a 'secure key entry process'. They also must be securely stored e.g., in a safe. All these operational support requirements increase the operational cost of this method and security risks (of staff collusion, negligence, etc.).

4.6.5 ***KEK Component Method***

- (a) This method is a 'traditional' method of the interchange key initialisation and as such is supported by older Security Control Module designs. It is still maintained by many interchange partners and in particular by many smaller organizations.
- (b) This method does not involve use of initial keys such as RSA or KTK but is based on direct manual storage of 3DES interchange keys in the SCM devices, therefore the interchange keys (KEKs) in this method are generated externally and are loaded into the device in components. The key material requires a secure key loading procedure and also secure storage of the key components.
- (c) This method is included for 'backward compatibility' and for a fall-back situation.

- (d) The key exchange procedure is the following:
 - (i) the partners generate interchange keys in at least two XOR components and exchange paper components using a secure channel;
 - (ii) the keys are loaded into the SCM device under dual control - the corresponding KVCs are noted for verification; the keys may also be encrypted under the KM for storage in the key data base;
 - (iii) the partners confirm the KVCs;
 - (iv) the paper components are stored in the secure storage (e.g., safes under dual control);
 - (v) afterwards, the KEKs are ready for use.

(e) Advantages

This method is still in wide spread use across the industry. For this reason and because of its manual handling nature, it is a good fallback solution.

(f) Disadvantages

The extensive use of manual procedures renders subsequent key changes, as are required under IAC Rules more difficult than some of the other methods.

4.7 IAC Interchange Lines

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IAC Interchange Lines must be subject to whole-of-message encryption, excluding communications headers, using at a minimum, triple-DES and a DEA 3 (128-bit)-bit key in accordance with AS 2805.5.4.

4.7.1 IAC Interchange Line Cryptographic Management

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- (a) Subject to clause 4.6, the use of transport level data encryption (e.g., IPSec) is permitted subject to the following conditions:
 - (i) data encryption must use either triple DES with either a 112-bit or 168-bit key length, exclusive of parity bits, or AES;
 - (ii) the data stream must be fully encrypted with the exception of communication headers;
 - (iii) where IPSec is used, the system must be configured to use Encapsulating Security Payload, and authentication must be HMAC-SHA-1;

- (iv) either certificates or encrypted pre-shared secrets must be used (plain text shared secrets not acceptable);
 - (v) tunnel termination points must be within the IA Participant's or their trusted agent's facilities;
 - (vi) the facility must be supported by documented device management procedures with identified roles and responsibilities and subject to internal audit as prescribed by the IA Participant's security policy;
 - (vii) ownership and control of end-points must reside with the terminating IA Participant;
 - (viii) split tunnelling is not to be used; and
 - (ix) the minimum Diffie-Hellman MODP group size is 1536-bits;
 - (x) Internet Key Exchange, if used, must be configured to only use main mode. Specifically, aggressive mode must NOT be used.
- (b) Where encrypted shared-secrets are used, key management, including the process of key (secret) entry must comply with the requirements of AS 2805.6.1, especially the requirement that no one person must have the capability to access or ascertain any plain text secret or private key.

4.7.2 *Key Management Practices for IAC Interchange Lines*

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Clause 4.7.2 is Confidential

4.8 Terminal Key Management

4.8.1 *Terminal key management requirements*

For all Terminal to Acquirer Links, Acquirers must ensure that:

- (a) Security for Transactions from Terminal to Acquirer complies with: AS 2805.6 series;
- (b) PIN security and encryption complies with AS 2805.3.1 and 5.4;
- (c) Key management practices comply with AS 2805.6.1;
- (d) Message Authentication must apply to all Acquirer Links for all financial and key management messages;
- (e) the Message Authentication Code (MAC) must be calculated using, as a minimum, a DEA 3 (128-bit) key, Triple-DES and an algorithm conforming to AS 2805.4.1; and

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- (f) all PIN and MAC cryptographic functions must be performed within an Approved Device.
- (g) for EFTPOS Terminals privacy of communication complies with AS 2805.9 or any other privacy of communication standard approved by the Management Committee.

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4.8.2 *Key Management Practices*

Clause 4.8.2 is Confidential

4.8.3 *Key Rolling Process for Session Keys*

Session key roll over should occur without operator intervention and in a manner compliant with AS 2805.6.2, AS 2805.6.4 or other AusPayNet approved, Terminal key management protocol.

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**ANNEXURE A. MINIMUM EVALUATION CRITERIA FOR IP ENABLED
TERMINALS [DELETED]**

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ANNEXURE B. PCI PLUS REQUIREMENTS [DELETED]

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ANNEXURE C. DEVICE EVALUATION FAQ [DELETED]

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ANNEXURE D. DEVICE APPROVAL PROCESS [DELETED]

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ANNEXURE E. IAC LABORATORY ACCREDITATION CHECKLIST
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ANNEXURE F. INTRODUCTION TO DEVICE SUPPORT AND SCM FUNCTIONALITY

[Informative]

F.1 Introduction

This annexure illustrates how the functionality provided by the AusPayNet SCM may be used to provide device driving support for ATMs and POS Terminals including remote initialisation.

It is based on the use of the approved triple-DES SCM specification referred to as AusPayNet SCM specification which is at revision V5.0 at the time of writing (January 2015) This annexure illustrates a method of implementing both ATM and POS device support using AusPayNet specification Security Control Modules. Only a limited subset of the possible key management schemes and associated SCM functions are described, in particular, transaction based key management schemes are not addressed.

Description of transactions and messages is confined to cryptographic items such as keys, PIN blocks, and MACs, and excludes financial and other items.

F.2 References and Related Documentation

1. SCM Spec Specification for a Security Control Module Function Set, AusPayNet Technical Security Sub-Committee, Version 5.0, June 25th, 2013.
2. AS 2805.3-2000 Electronic funds transfer - Requirements for interfaces - PIN management and security.
3. AS 2805.4.1/Amdt 1/2006 Electronic funds transfer - Requirements for interfaces - Message authentication - Mechanisms using a block cipher.
4. AS 2805.5.1-1992 Electronic Funds Transfer - Requirements for Interfaces, Part 5.1: Ciphers - Data encipherment algorithm 1 (DEA 1).
5. AS 2805.5.3-2004 Electronic funds transfer - Requirements for interfaces - Ciphers - Data encipherment algorithm 2 (DEA 2).
6. AS 2805.5.4-2000 Electronic Funds Transfer - Requirements for Interfaces, Part 5.4: Ciphers - Data encipherment algorithm 3 (DEA 3) and related techniques.
7. AS 2805.6.2-2002 Electronic funds transfer - Requirements for interfaces - Key management - Transaction keys.
8. AS 2805.6.4-2001 Electronic funds transfer - Requirements for interfaces - Key management - Session keys - Terminal to acquirer.

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9. AS 2805.6.5.3-2004 Electronic funds transfer - Requirements for interfaces - Key management - TCU initialization - Asymmetric.
10. NCR NDC+ Programmer's Reference Manual.

F.3 Overview

Section F.4 describes the key specifiers which the AusPayNet SCMs use to manage keys with different lengths and attributes. It also describes the key variants that are used.

Section F.5 shows how AusPayNet SCM functions can be used to perform 3DES ATM key management with double-length keys, MACing, and remote initialisation. *The AusPayNet SCM functions currently only provide support for NCR's NDC+ 3DES ATMs. Details of other ATM manufacturer's 3DES functionality are covered.*

Section F.6 shows how AusPayNet SCM functions can be used to perform 3DES POS key management (double-length session keys) with remote initialisation.

The scheme described in section F.6 is AS 2805.6.4 key management (session keys) and AS 2805.6.5.3 remote initialisation. The AusPayNet SCM also provides 3DES functions to support AS 2805.6.2 key management (transaction keys). This is not covered in this document.

For both ATM and EFTPOS Terminals, there are associated new or upgraded remote initialisation standards and associated SCM functions, which interface with the 3DES session key management functions. The IAC Manual should be consulted to determine the appropriate key lengths to be used when implementing any remote key initialisation scheme.

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For ATM devices, section F.5.6 describes how double-length master keys can be loaded manually instead of by remote initialisation.

For EFTPOS Terminals, section F.6.5 describes how it is possible to combine 3DES session key management with remote initialisation using the existing 512-bit RSA keys.¹

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F.4 Key Specifiers and Variants

The AusPayNet SCM specification introduces a new data structure: the key specifier. A key specifier allows various attributes to be associated with a key:

- key length: single, double, triple, etc.;
- keyblock encipherment algorithm: DEA, AES, etc.;

¹ It is a challenge for POS Terminals with 8-bit hardware to perform signing and ciphering with 1024-bit keys. It is not unknown for a Terminal to take 11-12 minutes to perform this calculation with 512-bit keys after being sent the sponsor's public key (see F.6.4).

- keyblock encipherment mode: ECB, CBC, etc. ;
- storage mode: host or SCM.

These attributes are encoded as different hexadecimal values of a one-byte key specifier format code. Thus format code 21, for example, specifies a key with the following attributes:

- key length: double (128-bit);
- keyblock encipherment algorithm: DEA;
- keyblock encipherment mode: CBC;
- storage mode: host (because this format includes an index of the KM under which the key is enciphered for storage on the host.

Many AusPayNet SCM functions allow more than one key specifier format to be used in the request or the response.

The following key specifier formats are applicable to the host-stored keys used for ATM and EFTPOS Terminal key management:

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Format 21 DEA CBC Enciphered key - 128-bit with KM index			
Length	Attrib	Content	Description
1	h	21	Format Code
1	x	i	KM index (Range 00-FF)
16	x	eKMi(K)	Enciphered key

Format 23 DEA ECB Enciphered key - 128-bit with KM index			
Length	Attrib	Content	Description
1	h	23	Format Code
1	x	i	KM index (Range 00-FF)
16	x	eKMi(K)	Enciphered key

Format 31 DEA CBC Enciphered key - 128-bit			
Length	Attrib	Content	Description
1	h	31	Format Code
16	x	eKEK(K)	Enciphered key

Format 41 Cleartext key - DEA 2			
Length	Attrib	Content	Description
1	h	41	Format Code
1	x	n	Number (n) of 8-byte blocks in modulus
16*n	x	PK	Clear text DEA 2 public key

Format 42 Enciphered key - DEA 2 with KM index			
Length	Attrib	Content	Description
1	h	42	Format Code
1	x	n	Number (n) of 8-byte blocks in modulus
1	x	i	KM index (Range 00-FF)
16*n	x	eKMi(PK) or eKMi(SK)	DEA CBC Enciphered DEA 2 key. Either the public key or the private key.

Each SCM function implicitly requires keyblocks in a predetermined format. In an SCM Spec function, the key specifier is preceded by a length prefix, which adds one or more bytes to each of the above formats. The value of the length prefix does not include its own length. It is not necessary to store or transmit the length prefix, as its value is implied by the format code. The lengths of each of the above key specifiers are as follows:

Length	Format code	Key specifier
	21	DEA CBC Enciphered key - 128-bit with KM index
18	23	DEA ECB Enciphered key - 128-bit with KM index
17	31	DEA CBC Enciphered key - 128-bit
16n + 2	41	Cleartext DEA 2 public key - n 8-byte blocks
16n + 3	42	DEA CBC Enciphered DEA 2 key - n 8-byte blocks

The following figures reflect the different way of representing key variants in the AMB and SCM Spec specifications. SCM Spec function specifications represent the repeated byte of each hexadecimal variant constant, as shown below:

AMB variant	SCM Spec variant	variant constant for ECB-enciphered keys	variant constant for CBC-enciphered keys (SCM Spec)
V1	V24	24242424242424242424242424242424	24C024C024C024C024C024C024C0
V2	V28	28282828282828282828282828282828	28C028C028C028C028C028C028C0
V3	V22	22222222222222222222222222222222	22C022C022C022C022C022C022C0
V4	V48	48484848484848484848484848484848	48C048C048C048C048C048C048C0
V5	V42	42424242424242424242424242424242	42C042C042C042C042C042C042C0
V6	V44	44444444444444444444444444444444	44C044C044C044C044C044C044C0
V7	V82	82828282828282828282828282828282	82C082C082C082C082C082C082C0
V8	V84	84848484848484848484848484848484	84C084C084C084C084C084C084C0
N/A	VA0	A0A0A0A0A0A0A0A0A0A0A0A0A0A0A0A0	A0C0A0C0A0C0A0C0A0C0A0C0A0C0A0C0
V10	VAA	AAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA	AAC0AAC0AAC0AAC0AAC0AAC0AAC0AAC0
N/A	VAC	ACACACACACACACACACACACACACACACAC	ACC0ACC0ACC0ACC0ACC0ACC0ACC0ACC0

In subsequent figures, a box such as 21 in front of a key indicates the key specifier format.

F.5 ATM Terminal - 3DES

AusPayNet have defined an ATM 3DES solution that matches to the NCR ATM NDC+ 3DES specifications. Accordingly the following sections are based on this solution.

For remote initialisation, three RSA key pairs are used. The modulus of each key pair is 2048 bits in size:

- The manufacturer's key (SK-NCR, PK-NCR);
- The host's key (SK-HSM, PK-HSM);
- The Encrypting PIN pad's key (SK-EPP, PK-EPP).

Signatures are created by signing a hash of the target key or data, allowing all of the above keys to be the same size (unlike RSA keys for POS - see F.6).

NCR nomenclature for RSA key usage is as follows:

- (key) * SKsignature of key (or data) with secret key;
- [key] PK encryption of key (or data) with public key.

F.5.1 Exchange of Public Keys between Manufacturer and Host

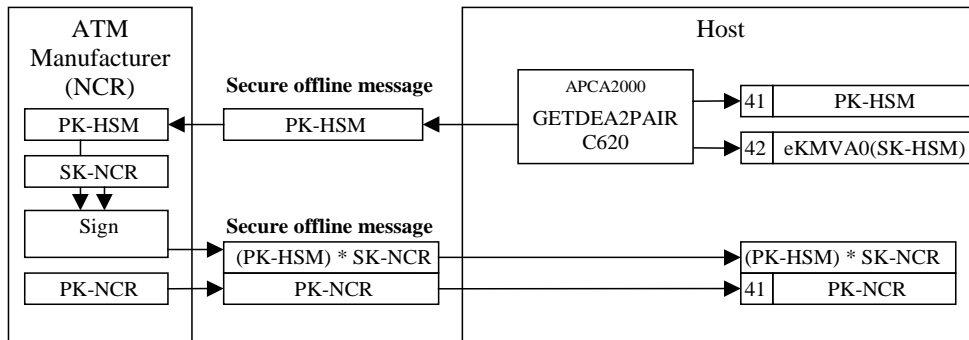


Figure 1 Exchange of RSA Public Keys between ATM Manufacturer and Host

This is a one-off offline procedure, which precedes installation of any of the manufacturer’s Encrypting PIN Pads on the host’s network. The keys exchanged will be used in common for all ATMs on the network (unless either party needs to replace their RSA keys in the future).

1. The host uses SCM function C620 to generate a general-purpose RSA key pair. This function is called with the size of the modulus set to 32 8-byte blocks and the public key exponent set to 65537.
2. The host sends the host’s public key to the manufacturer in a secure offline message (encrypted with PGP, for example).
3. The host stores the host’s public key for sending to ATMs (see F.5.3).
4. The host stores the host’s encrypted secret key for signing ATM master keys (see F.5.4).
5. The manufacturer signs the host’s public key with the manufacturer’s secret key, and returns the signature in a secure offline message (encrypted with PGP, for example), along with the manufacturer’s public key.
6. The host appends the fixed exponent 65537 to the manufacturer’s public key and stores it for checking the signature of EPP public keys (see F.5.3).
7. The host stores the signed host’s public key for sending to ATMs (see F.5.3).

F.5.2 Authentication by Host of ATM's EPP Serial Number

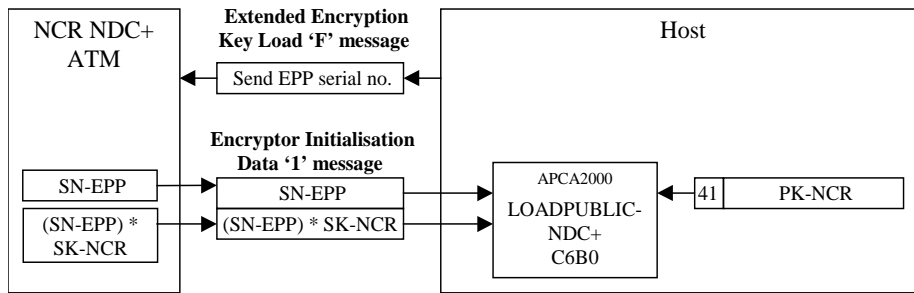


Figure 2 Authentication by Host of ATM's EPP Serial Number

1. The host requests the serial number of the ATM's EPP using an Extended Encryption Key Load Message (Message Class 3, Message Sub-class 4) with Modifier 'F' - 'Send EPP serial number and signature'.
2. The ATM returns the EPP's serial number and its signature, which were loaded into the EPP during manufacture. They are sent in an Encryptor Initialisation Data message (Message Class 2, Message Sub-class 3) with Information Identifier '1' - 'EPP serial number and signature'.
3. There is no function in the AusPayNet SCM specifically designed to verify the signature on an EPP serial number. The signature can be verified, however, by making it look like a public key.
4. The host pads the EPP serial number and appends the fixed exponent 65537 to produce a format 41 key for sending to the SCM.
5. The host decodes the EPP's serial number signature from base-94 for sending to the SCM.
6. The host uses SCM function C6B0 to verify the EPP's serial number, using the manufacturer's public key provided by the manufacturer (see F.5.1).
7. If function C6B0 indicates that the EPP's serial number signature is invalid, the host displays a console message².

² ATM sent invalid EPP serial number. Master key load will be unsuccessful

F.5.3 Exchange of RSA Public Keys between ATM and Host

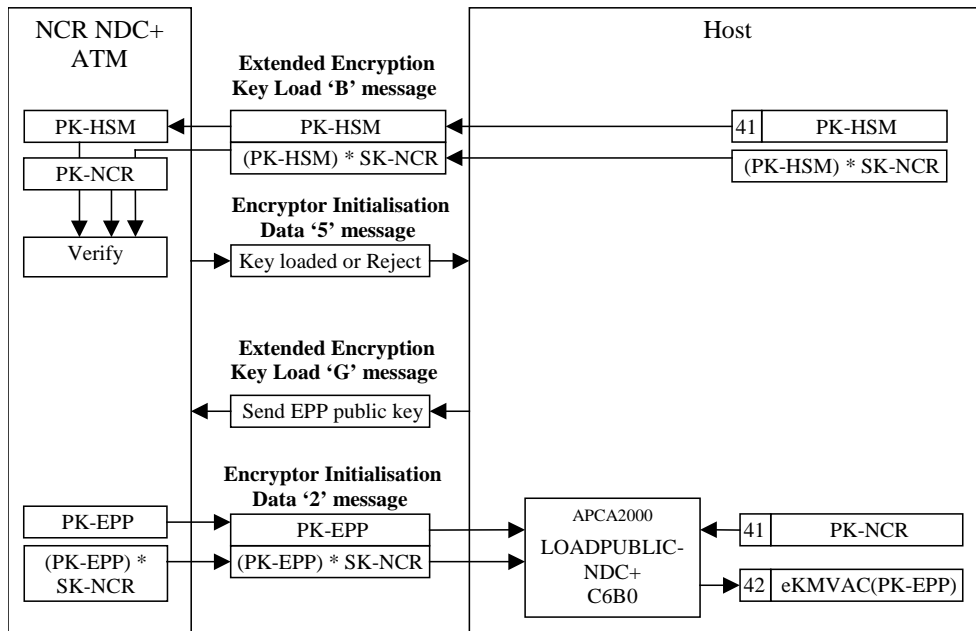


Figure 3 Authentication by Host of ATM's EPP Serial Number

1. The host sends the host's public key to the ATM, along with the signature provided by the manufacturer (see F.5.1). They are sent in an Extended Encryption Key Load message (Message Class 3, Message Sub-class 4) with Modifier 'B' - 'Load HSM public key and signature'. For the message, the host removes the exponent from the host's public key, and encodes the host's public key modulus and the signature to base-94.
2. The ATM's EPP verifies the signature of the host's public key, using the manufacturer's public key which was loaded into the EPP during manufacture.
3. The ATM sends an Encryptor Initialisation Data message (Message Class 2, Message Sub-class 3) with Information Identifier '5' - 'Key Loaded'.
4. If the host does not receive this 'Key Loaded' message, it displays a console message³ and does not proceed with the key exchange.
5. The host requests the public key of the ATM's EPP using an Extended Encryption Key Load Message (Message Class 3, Message Sub-class 4) with Modifier 'G' - 'Send EPP public key and signature'.
6. The ATM returns the EPP's public key and its signature, which were loaded into the EPP during manufacture. They are sent in an Encryptor Initialisation Data message (Message Class 2, Message Sub-class 3) with Information Identifier '2' - 'EPP public key and signature'.

³ The key exchange failed and no keys were loaded. Master key load will be unsuccessful.

7. The host decodes the EPP's public key modulus from base-94 and appends the fixed exponent 65537 to produce a format 41 key for sending to the SCM.
8. The host decodes the EPP's public key signature from base-94 for sending to the SCM.
9. The host uses SCM function C6B0 to verify the EPP's public key, using the manufacturer's public key provided by the manufacturer (see F.5.1)
10. If function C6B0 indicates that the EPP's public key signature is valid, it encrypts the EPP's public key under a variant of the domain master key, and the host stores it for encrypting an ATM master key (see F.5.4).
11. If function C6B0 indicates that the EPP's public key signature is invalid, the host displays a console message⁴ and does not store an encrypted EPP's public key.

F.5.4 Generation of double-length ATM Master Key

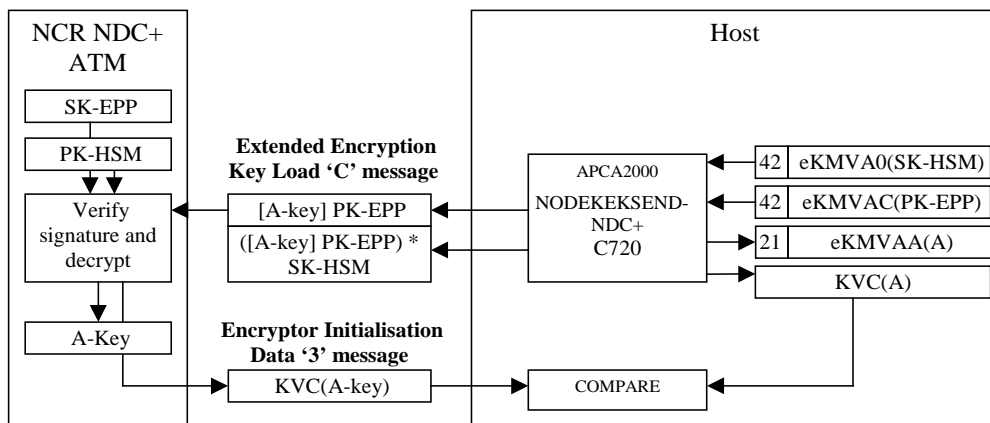


Figure 4 Generation of double-length ATM Master Key

F.5.5 Remote Initialisation

1. The host uses SCM function C720 to generate a random double-length master key. The SCM function pads the master key to 256 bytes and encrypts it with the EPP's public key received earlier (see F.5.3) and signs it with the HSM's secret key generated earlier (see F.5.1).
2. The host sends the encrypted master key and signature to the ATM in an Extended Encryption Key Load message (Message Class 3, Message Sub-class 4) with Modifier 'C' - 'Load initial master key (A-key) with RSA key'. For the message, the host encodes the encrypted public key and the signature to base-94.

⁴ Host's public key loaded on ATM but ATM's public key not loaded on host. Master key load will be unsuccessful.

3. The host saves the master key, encrypted under a variant of the domain master key, for encrypting session keys (see F.5.7)
4. The ATM's EPP verifies the signature using the HSM's public key received earlier (see F.5.3).
5. The ATM's EPP decrypts the master key using the EPP's secret key which was loaded into the EPP during manufacture.
6. The ATM's EPP stores the A-key for decrypting session keys (see F.5.7).
7. The ATM sends the KVC (aka KVV) of the master key to the host in an Encryptor Initialisation Data message (Message Class 2, Message Sub-class 3) with Information Identifier '3' - 'New KVV for key just loaded'.
8. The host compares the KVC with the KVC returned by SCM function C720. If they do not match, the host displays a console message⁵.

F.5.6 Manual Load

As an alternative to remote initialisation, items F.5.1 - F.5.5 can be replaced by a manual load of the double-length ATM Master Key in two double-length components:

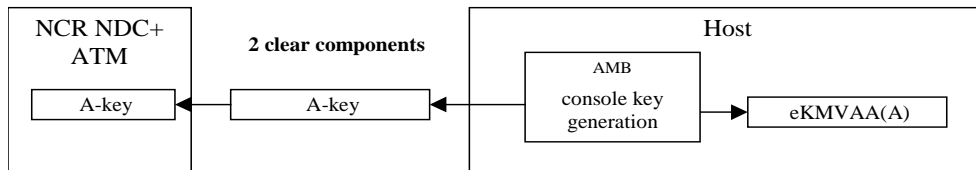


Figure 5 Generation of double-length master key for manual loading

1. The host uses a custom key generation command on the SCM console to generate a random double-length ATM master key.
2. The host stores the ATM master key, encrypted under a variant of the domain master key, for encrypting session keys (see F.5.7).
3. The host prints two clear double-length components of the ATM master key in sealed key mailers.
4. The clear components of the ATM master key are loaded into the ATM as the A-key.

⁵ The master key has been loaded incorrectly on the ATM. Session key loads will be unsuccessful.

F.5.7 Generation of double-length session keys

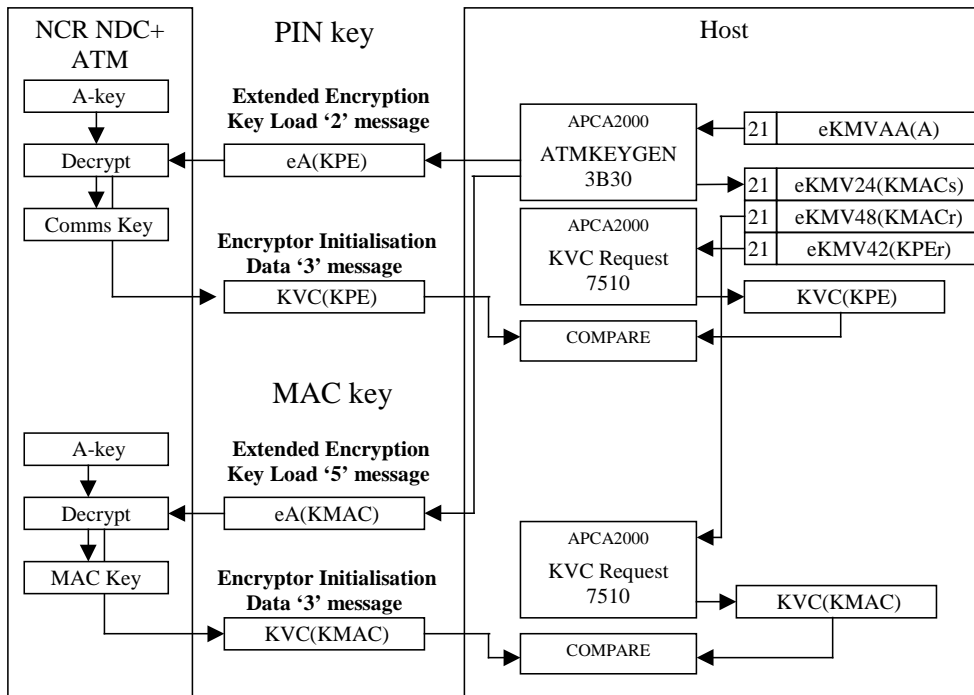


Figure 6 Generation of double-length session keys

F.5.8 PIN and MAC keys

1. The host uses SCM function 3B30 to generate random double-length PIN encryption and MAC keys. This function is called with the key length set to 2 (double) and the cipher mode set to 0 (ECB). It encrypts the session keys with the master key generated earlier (see F.5.4).
2. The host stores the PIN encryption key, encrypted under a variant of the domain master key, for decrypting PIN blocks (see F.5.11).
3. The host stores the MAC key, encrypted under variants of the domain master key, for generating and verifying MACs (see F.5.12 and F.5.13).
4. The host uses SCM function 7510 to calculate the KVCs of the PIN encryption key and the MAC key.

F.5.9 PIN key

1. The host sends the encrypted PIN encryption key to the ATM in an Extended Encryption Key Load message (Message Class 3, Message Sub-class 4) with Modifier '2' - 'Decipher new communications key with current master key'.
2. The ATM's EPP decrypts the communications key and stores it for encrypting PIN blocks see (F.5.11).

3. The ATM sends the KVC of the communications key to the host in an Encryptor Initialisation Data message (Message Class 2, Message Sub-class 3) with Information Identifier '3' - 'New KVV for key just loaded'.
4. The host compares the KVC of the communications key with the KVC returned by SCM function 7510. If they do not match, the host displays a console message⁶.

F.5.10 MAC key

1. The host sends the encrypted MAC key to the ATM in an Extended Encryption Key Load message (Message Class 3, Message Sub-class 4) with Modifier '5' - 'Decipher new MAC key with current master key'.
2. The ATM's EPP decrypts the MAC key and stores it for generating and verifying MACs (see - and F.5.13).
3. The ATM sends the KVC of the MAC key to the host in an Encryptor Initialisation Data message (Message Class 2, Message Sub-class 3) with Information Identifier '3' - 'New KVV for key just loaded'.
4. The host compares the KVC of the MAC key with the KVC returned by SCM function 7510. If they do not match, the host displays a console message⁷.

F.5.11 PIN translation with double-length session key

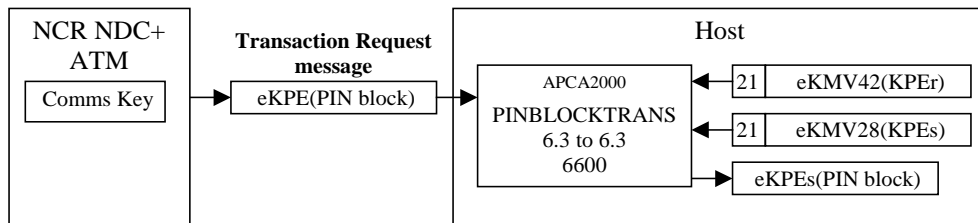


Figure 7 PIN translation with double-length session key

1. The ATM is configured to encrypt the PIN block with the ATM Comms key. Prior to encryption, the ATM's EPP formats the PIN in an AS 2805.3.1 format 0 PIN block (same as ISO format 0).
2. The ATM sends the encrypted PIN block in a Transaction Request message (Message Class 1, Message Sub-class 1).

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⁶ The communications key has been loaded incorrectly on the ATM. PIN decryption will be unsuccessful.

⁷ The MAC key has been loaded incorrectly on the ATM. MAC verification will be unsuccessful.

3. The host uses SCM function 6600 to translate the PIN block from encryption under the PIN encryption receive key to encryption under the PIN encryption send key. The PIN encryption receive key is the same as the ATM's Communications key (see F.5.7). The PIN encryption send key is the host's Switch Working Key⁸.
4. For an 'on us' transaction, the host uses the translated PIN block to verify the PIN. For a 'not on us' transaction, the host performs a second PIN translation to encrypt it under the issuer's PIN encryption key.

F.5.12 MAC generation with double-length session key

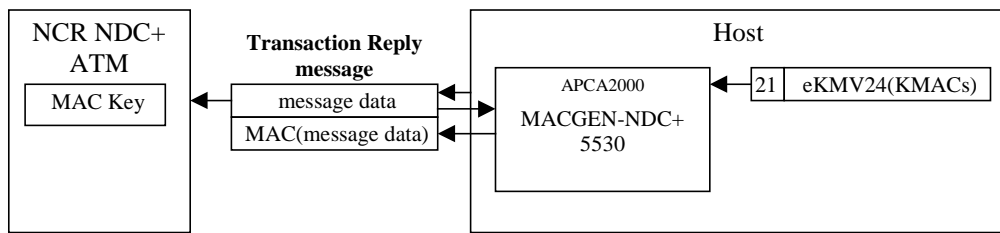
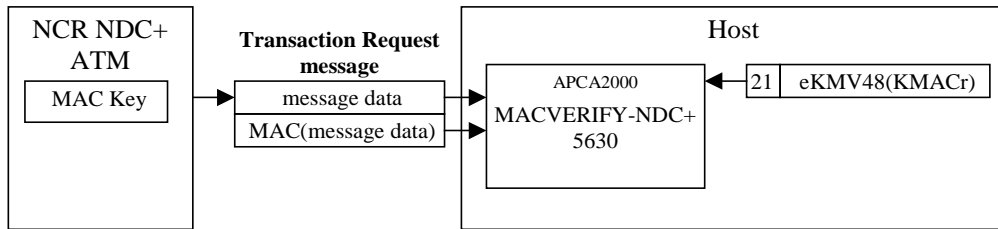


Figure 8 MAC generation with double-length session key

1. The host uses SCM function 5530 to generate the MAC. The MAC send key is the same as the ATM's MAC key (see F.5.7). The MAC algorithm used by SCM function 5530 will be standardised as MAC algorithm 3 in the amendment to AS 2805.4.1 which is under preparation by the IT-5-4 committee. The MAC is calculated over the entire message.
2. The host sends the MAC in a Transaction Reply message (Message Class 4).
3. The ATM is configured to verify the MAC in the message data with the ATM MAC key.

⁸ Assuming the host uses a SWK to encrypt all PIN blocks during internal processing on the switch.

F.5.13 MAC verification with double-length session key**Figure 9 MAC verification with double-length session key**

1. The ATM is configured to MAC the message data with the ATM MAC key.
2. The ATM sends the MAC in a Transaction Request message (Message Class 1, Message Sub-class 1).
3. The host uses SCM function 5630 to verify the MAC. The MAC receive key is the same as the ATM's MAC key (see F.5.7). The MAC algorithm used by SCM function 5630 is MAC algorithm 2 from AS 2805.4.1 (functionally equivalent to MAC algorithm 3 in ISO 9797-1). The MAC is calculated over the entire message.

F.6 EFTPOS Terminals - 3DESAmended
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Key management is accomplished by the exchange of messages between Terminal and host system(s), and the execution of complementary cryptographic functions by the Terminal and host application software. The following diagrams and descriptions are indicative of the messages and functions needed to support remote initialisation and session key management. Only those message fields relevant to key management are shown.

For remote initialisation, three RSA key pairs are used. The modulus of each key pair is nominally 1024 bits in size, but the actual sizes are constrained to prevent reblocking for operations involving more than one key pair:

1. The manufacturer's key (SKman, PKman) is 1024 bits, stored on the host as 16 8-byte blocks ($1024 = 16 \times 8 \times 8$).
2. The Terminal's key (SKtcu, PKtcu) is 960 bits, so that its modulus or exponent can be signed by SKman, which is one block bigger ($960 = 15 \times 8 \times 8$).
3. The sponsor's key (SKsp, PKsp) is 896 bits, so that data (*KI, etc) enciphered with this key can be signed by SKtcu, which is one block bigger ($896 = 14 \times 8 \times 8$).

F.6.1 Key Loading of a Terminal by the Manufacturer

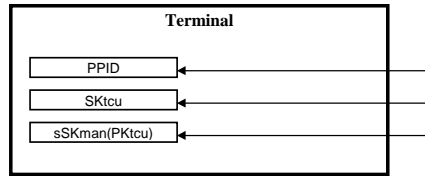


Figure 10 Key Loading of a Terminal by the Manufacturer

The following items are loaded into the Terminal by manufacturer in a secure area before the Terminal is installed in the field:

1. PPID: a unique PIN pad identifier consisting of 16 decimal digits. The PPID includes a manufacturer code, year and month of manufacturer, and a unique PIN pad serial number.
2. SKtcu: the secret key of the TCU. The modulus of this key contains 960 significant bits.
3. sSKman(PKtcu): the public key of the TCU, signed with the secret key of the manufacturer.

The TCU key pair is statistically unique for each Terminal manufactured.

F.6.2 Key Loading and Generation by the Sponsor

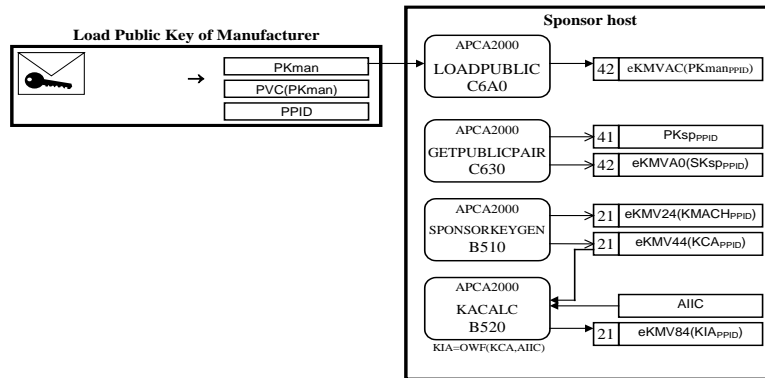


Figure 11 Key Loading and Generation by the Sponsor

1. The PPID of the Terminal and the manufacturer's public key are communicated to the sponsor in a secure manner. The sponsor loads the manufacturer's public key on the host system. The manufacturer can use the same public key for all Terminals for this sponsor, or for batches of Terminals for this sponsor, but it must not be disclosed to any other party. The modulus of this key contains 1024 significant bits.

2. The sponsor generates a public and secret key pair. The same key pair may be used for all Terminals or for batches of Terminals. The modulus of these keys contains 896 significant bits.
3. The sponsor generates a random cross acquirer key (KCA) and MAC housekeeping key (KMACH).
4. The sponsor uses the KCA to derive the sponsor's acquirer initialisation key (KIA) using the sponsor's Acquiring Institution Identification Code (AIIC).

These are all off-line procedures performed by the sponsor before the Terminal is installed.

F.6.3 Key Transmission to an Acquirer

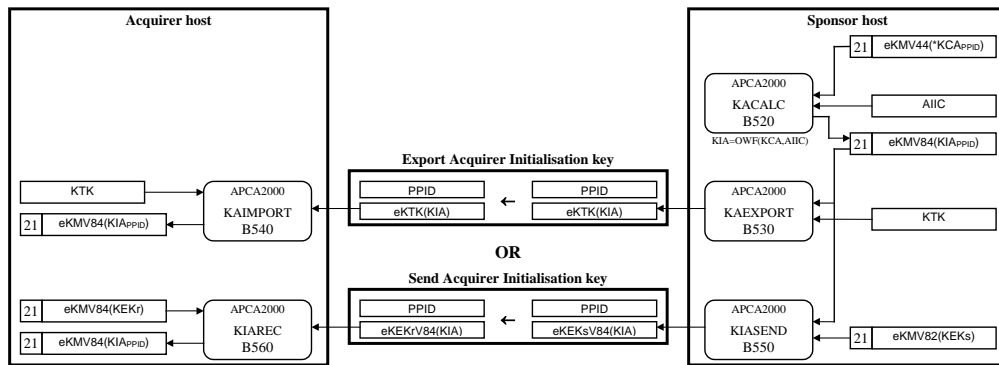


Figure 12 Key Transmission to an Acquirer

For multi-acquirer Terminals, the sponsor conveys the acquirer initialisation key (KIA) for each Terminal to each acquirer. The KIA is encrypted for transmission using either a key transport key (KTK) or a Key encrypting Key (KEK). The KTK or KEK will have been previously loaded into the SCM of sponsor and acquirer. These are off-line procedures performed by the sponsor and acquirer(s) before the Terminal is installed.

F.6.4 Remote Initialisation of a Terminal by the Sponsor

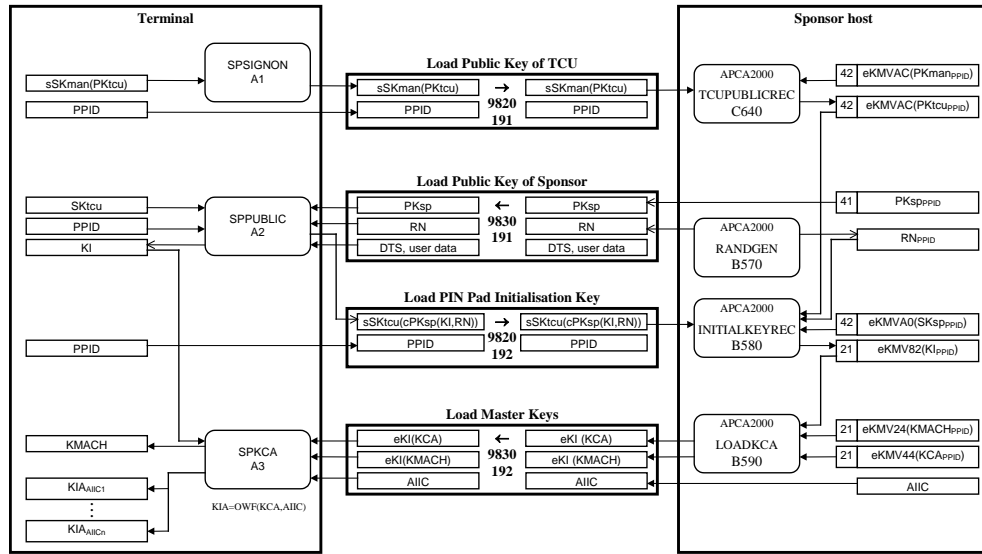


Figure 13 Remote Initialisation of a Terminal by the Sponsor

1. The Terminal sends the public key of the TCU, signed by the secret key of the manufacturer. The sponsor unsigns the TCU public key with the public key of the manufacturer.
2. The sponsor sends the public key of the sponsor, along with a random number (RN), a date time stamp (DTS), and user data.
3. The Terminal generates a random Terminal initialisation key (KI), and enciphers it with the public key of the sponsor, along with the random number RN, the PPID, the DTS, and the user data. The cipher text is signed with the secret key of the TCU and sent to the sponsor.
4. The sponsor unsigns and deciphers the message, checks the RN, PPID, DTS, and user data, and saves the KI.
5. The sponsor sends the cross acquirer key (KCA) and MAC housekeeping key (KMACH) to the Terminal, encrypted under the KI.
6. The Terminal decrypts the KCA and KMACH with KI, which is then erased. The Terminal uses KCA to derive the acquirer initialisation key (KIA) for each acquirer in its acquirer table. The KCA is then erased.

Remote initialisation is performed when a Terminal is first installed in the field. It is initiated by a password-protected command entered on the Terminal. It will be necessary to repeat the remote initialisation if the Terminal cannot log on to an acquirer using either KEK1 or KEK2, implying that the values of KEK2 have become out of step between Terminal and acquirer. This is expected to happen infrequently - no more than once per year.

F.6.5 Remote Initialisation of a Terminal by an Acquirer

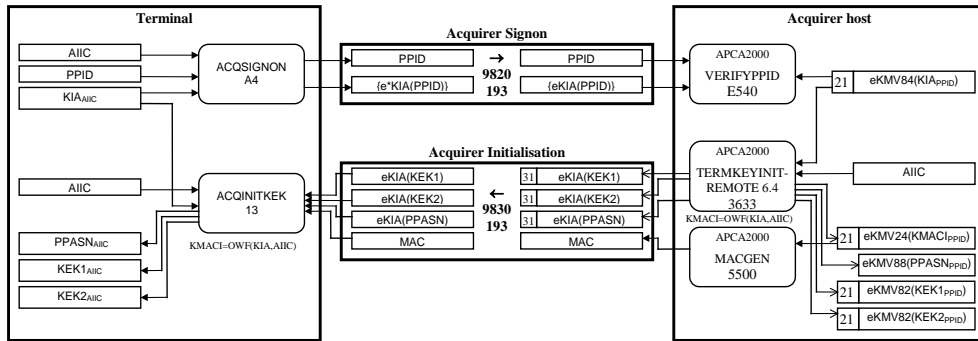


Figure 14 Remote Initialisation of a Terminal by an Acquirer

The Terminal performs this procedure for each acquirer in its acquirer table (the sponsor being the first acquirer).

1. The Terminal encrypts the PPID with the acquirer’s KIA and sends the high-order 32 bits to the acquirer.
2. The acquirer verifies that the encrypted PPID is correct, thereby confirming that the Terminal is using a genuine KIA.
3. The sponsor generates random initial values for KEK1, KEK2, and the PIN pad acquirer security number (PPASN). These are encrypted under KIA and sent to the Terminal. The sponsor derives an initial MAC key (KMCI) from the KIA and the AIIIC and uses it to generate a MAC for the message containing the encrypted keys.
4. The Terminal also derives KMCI and uses it to verify the MAC on the message.
5. The Terminal decrypts KEK1, KEK2, and PPASN and stores them in its key storage memory for the acquirer. The KIA for this acquirer is then erased.

Note that functions E540 and 3633 can both be supplied with the encrypted KIA eKIMV84(KIA) in format 23 (ECB-encrypted) as well as format 21 (CBC-encrypted). A format 23 KIA can be constructed from the e*KIMV8(*KIA) produced for 1DES POS Terminals. This would allow support of a hybrid POS Terminal which performed remote initialisation with 512-bit RSA keys but performed 3DES session key management. It is may be AusPayNet’s intention, however, to discontinue support for a format 23 KIA when 3DES migration is complete.

F.6.6 Logon by a Terminal to an Acquirer

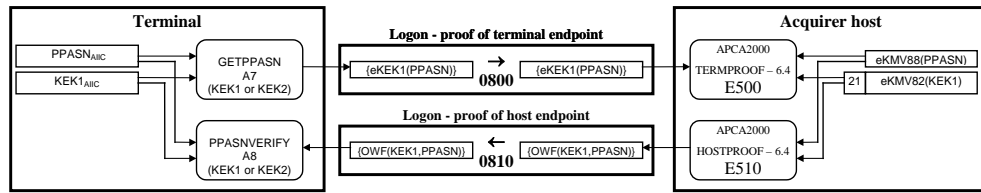


Figure 15 Logon by a Terminal to an Acquirer

1. The Terminal sends the acquirer a cryptographic function of KEK1 and PPASN which the acquirer verifies to prove that the Terminal is genuine.
2. The acquirer sends the Terminal a cryptographic function of KEK1 and PPASN which the Terminal verifies to prove that the acquirer is genuine.

This is just the cryptographic part of Terminal logon - other functions are performed by Terminal and acquirer at the same time. Proof of endpoint is normally performed with KEK1, as indicated by a flag in the messages. If proof of endpoint is unsuccessful with KEK1, suggesting that transformation of KEK1 has become out of step between Terminal and acquirer, proof of endpoint is attempted with KEK2.

A session key change, as described below, is performed immediately after a successful proof of endpoint.

F.6.7 Session Key Change by an Acquirer

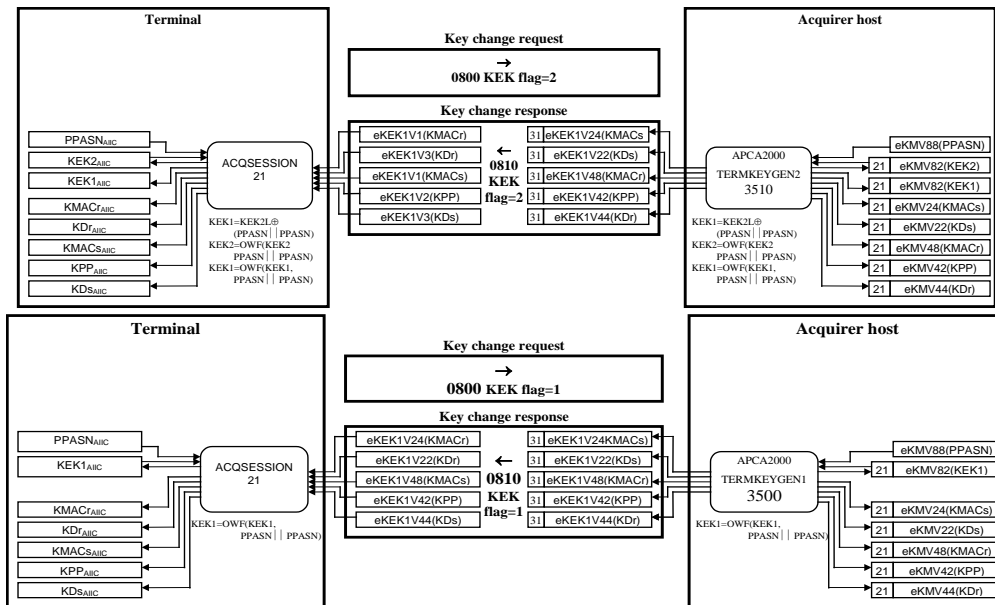


Figure 16 Session Key Change by an Acquirer

1. The acquirer responds to a key change request by generating a set of random double-length session keys, encrypting them under variants of KEK1, and sending them to the Terminal. The KEK1 is transformed by a one way function before it is used.
2. The Terminal transforms KEK1, and decrypts the session keys.

Note that the format 31 session keys generated by functions 3500 and 3510 are CBC-enciphered and that the variants of KEK1 or KEK2 are the ones shown in section F.4 (with C0 in alternate bytes).

Session key change is normally performed with KEK1, as indicated by a flag in the messages. If the key verification codes are incorrect, suggesting that transformation of KEK1 has become out of step between Terminal and acquirer, a session key change is attempted with KEK2. This causes both acquirer and Terminal to derive a new KEK1 from KEK2 and transform KEK2 with a one way function. A session key change with KEK2 is also requested after doing a KEK2 proof of endpoint during Terminal logon.

Although the key change request originates from the Terminal, each acquirer host can effectively control the frequency of session key changes by setting a “key change required” flag in a previous message to the Terminal, such as a financial transaction response.

F.6.8 Financial Transaction from a Terminal to an Acquirer

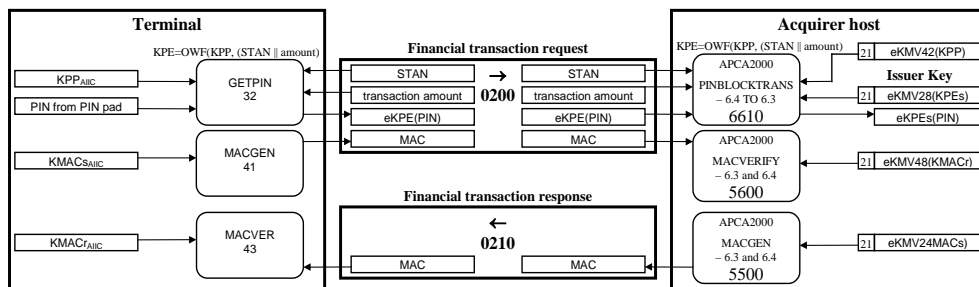


Figure 17 Financial Transaction from a Terminal to an Acquirer

1. The Terminal encrypts the PIN (entered by the customer on the PIN pad) using a PIN encryption key KPE which is derived from the PIN protection key (KPP) combined with the STAN and amount of the transaction. A MAC is generated on the financial transaction request message using the MAC session key (KMACs).
2. The acquirer verifies the MAC using the MAC session key (KMACr).
3. If the acquirer is the card issuer for the transaction (or is standing in for the card issuer), the customer’s PIN is verified using the issuer’s PIN verification key. Otherwise the transaction is switched to the card issuer for PIN verification - this is the case illustrated above, where the PIN block is translated to encryption under the KPEs for the issuer. The KPE used to decrypt the incoming PIN block for verification or translation is derived from the KPP, STAN, and amount, as on the Terminal.

4. The acquirer generates a MAC on the financial transaction response message using the MAC session key (KMACs).
5. The Terminal verifies the MAC on the financial transaction response message using the MAC session key (KMACr).

F.7 Glossary

3DES Triple DES encipherment, performed by **three** 56-bit DES operations. Same as DEA 3 if 112-bit keys are used (as they are in SCM Spec).

AES Advanced Encryption Standard - a new encryption algorithm which is the US standard to replace DES.

AMB Australian Major Banks - an industry standard set of SCM functions.

AusPayNet Australian Payments Network Limited - the industry body which regulates EFT interchange.

AusPayNet TSSC The AusPayNet Technical Security Sub-Committee - a committee of security experts from the Australian EFT industry.

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CBC Cipher Block Chaining - a mode of operation of DEA 1 or DEA 3 in which each 64-bit block of enciphered data is dependent on the previous block.

DEA 1 Data Encipherment Algorithm with 56-bit keys, same as DES.

DEA 3 Data Encipherment Algorithm with 112-bit keys, performed by three 56-bit DEA 1 operations.

DES Data Encryption Standard algorithm with 56-bit keys.

Double-length Key A 128-bit cryptographic key of which 112-bits are used for encipherment, 16 bits for parity checking.

ECB Electronic Code Book - a mode of operation of DEA 1 and DEA 3 in which each 64-bit block of data is enciphered independently.

EPP Encrypting PIN Pad - the component of an ATM which captures PINs and performs cryptographic functions.

Host The processing system which drives ATM and EFTPOS Terminals. It runs EFT application software and sends function requests to an SCM.

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Interchange The exchange of EFT messages between acquirers of EFT transactions and card issuers.

Inversion In the context of proof-of-endpoint, inversion of a random number, shown by the symbol “~”, means a ones complement operation, equivalent to exclusive OR with the hexadecimal constant FFFFFFFFFFFFFFFF.

KEK Key Encipherment Key - a cryptographic key used to encipher another cryptographic key.

Key Management The secure exchange and storage of cryptographic keys.

Keyblock A data structure used to store enciphered cryptographic keys.

KM A Master Key, stored in an SCM, which is used to encipher cryptographic keys stored on the host.

KM index The ordinal number of a particular master key (KM), in an SCM which can hold more than one master key.

KVC Key Verification Code. A value, derived from a cryptographic key, which is used to verify that the key is correct. Same as KVC.

KVV Key Verification Value. A value, derived from a cryptographic key, which is used to verify that the key is correct. Same as KVV.

SCM Security Control Module - a physically secure server which performs cryptographic functions.

SCM Spec The SCM specification published by AusPayNet TSSC to support 3DES.

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effective 20.8.18

SWK Switch Working Key, key used to encrypt all PIN blocks during internal processing on an EFT switch.

Session key A cryptographic key used for a session of limited duration before being replaced, under dynamic key management.

Single-length Key A 64-bit cryptographic key of which 56-bits are used for encipherment, 8 bits for parity checking.

Variant A constant which is used to modify a KEK or KM before it is used to encipher another key, to enforce key separation. Different types of key are enciphered with different variants, so that they can only be used in the appropriate SCM functions.

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ANNEXURE G. DEVICE APPROVAL PROCESS [DELETED]

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