

# US Marketing Compliance Guide

Adaptive Checkout™ (Installments + Pay in 4)

# Introduction

Financial services is a highly regulated space, requiring Affirm and our partners to comply with a number of different laws and regulations. That's why **marketing needs to be reviewed and approved by Affirm's compliance department** before publishing.

This guide is specific to our **Adaptive Checkout™** program, which incorporates the monthly Installments and Pay in 4 products into one seamless solution. It provides a general overview of the requirements you'll need to consider, and how you can stay compliant.

# Table of Contents

[04 The Truth-in-Lending Act \(TILA\)](#)

[13 Disclosures 101](#)

[20 Guidance for email, video, and TV](#)

[24 Final compliance reminders](#)

[25 Appendix: consumer regulations](#)

# The Truth in Lending Act (TILA)

# The Truth In Lending Act (TILA)

TILA requires that customers receive disclosures about important terms of credit (payment amount, number of payments and APR) before they're obligated to pay back their loan. When advertising terms of credit, advertisements can only state terms that are actually available.

When you mention **specific terms of credit (“trigger terms”)** in your marketing, TILA requires you to provide the full terms of repayment. A common way to achieve this is by using a **representative example** of what a real loan might look like in order to contextualize the trigger terms. The representative example must include the associated APR, Term and Payment amount.

**Note:** The Adaptive Checkout™ program includes two credit products– Affirm Pay in 4 (4 interest-free payments every two weeks) or monthly Installments. As a best practice, all advertisements of the Adaptive Checkout™ program must comply with TILA.



# These messages trigger a representative example

**The number of payments, if more than 4 payments**  
(e.g., 6 payments)

**The period of repayment**  
(e.g., 6 months, 12 months, etc)

**The monthly payment amount**  
(e.g., as low as \$60/month)

**The amount of interest**  
(not applicable to:  
“zero interest” or  
“interest-free”)

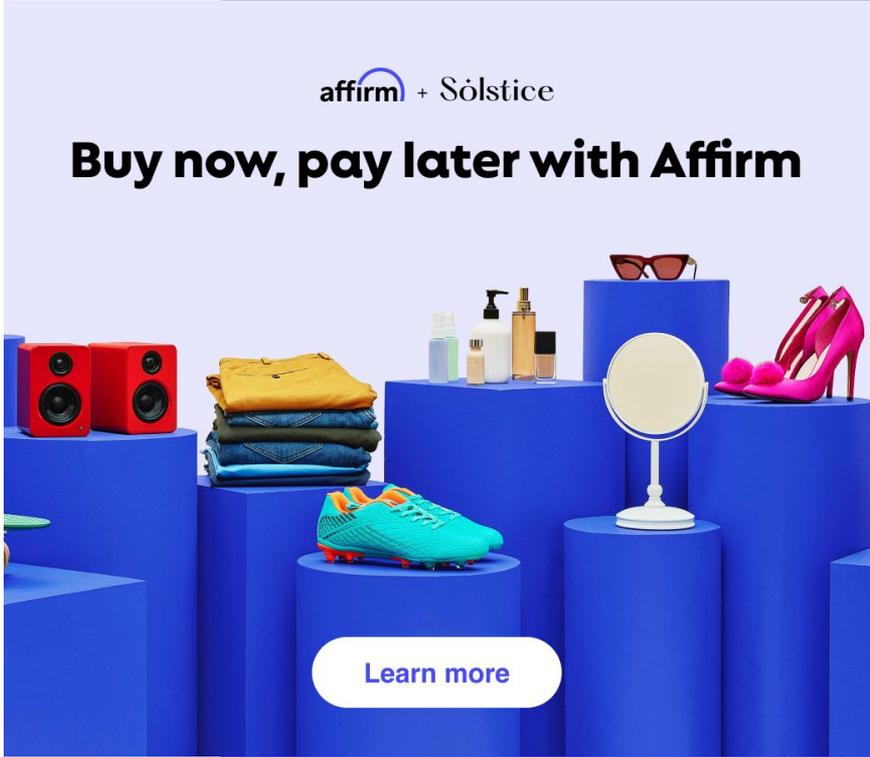
**The amount or percentage of any down payment** (not applicable to:  
“zero down”)

Note: “as low as 0% APR” is **not** a TILA trigger term

# These messages do *not* trigger a representative example

- Affirm
- Monthly payments
- Pay over time
- Buy now, pay later
- Financing
- As low as 0% APR
- 0% or 10–36% APR
- Interest-free
- 4 interest-free payments
- Pay in 4

**Note:** Though a TILA representative example may not be required, other disclosures may be. See slides 13–19 for more information on other disclosures.



affirm + Sólstice

## Buy now, pay later with Affirm

Learn more

The advertisement features a collection of lifestyle products including red speakers, a stack of folded clothes, teal sneakers, a round mirror, perfume bottles, sunglasses, and pink high-heeled shoes, all displayed on blue pedestals of varying heights.

# The representative example

## The representative example reflects a typical loan through Affirm offered on your site or in your stores

The example needs to include the following information:

- Purchase price (loan amount)
- Monthly payment amount
- Length of loan term
- Annual percentage rate (APR)

## Sample representative example

### Catch-all:

For example, a \$800 purchase could be split into 12 monthly payments of \$72.21 at 15% APR, or 4 interest-free payments of \$200 every 2 weeks.

### Installments specific:

For example, a \$800 purchase might cost \$72.21/mo over 12 months at 15% APR.

Note: The representative example is specific to your financing program through Affirm. Please use 15% APR as the basis for the representative example. For reference, see our APR calculator: [affirm.com/business/apr-calculator](https://affirm.com/business/apr-calculator)

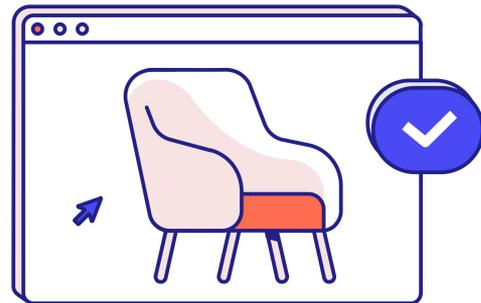
# Where to place the representative example

The example can be placed on the same creative as the trigger term – in close proximity, and able to be easily read by an average consumer.

If there isn't room for the representative example on the creative, you can link directly to a landing page where the representative example is clearly and conspicuously displayed **within one click**. The landing page can be either:

- a. **A product detail page** with the Affirm educational modal preloaded (add the query parameter "?aff\_fm=t" as the first parameter in your ad link along with other query parameters such as "utm\_source"), or
- b. **An Affirm educational page** on your site

Note: The exception to the one-click-away rule is **email**. In this case, the representative example must be contained **within the email**.

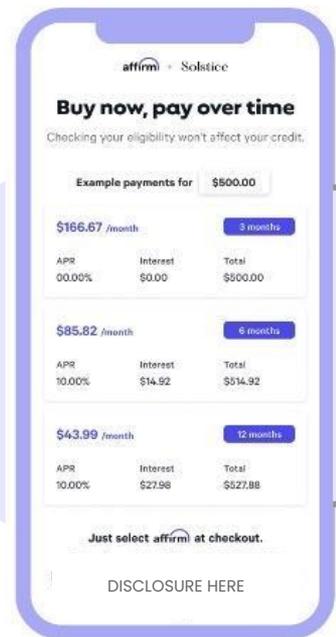


# Sample flow with TILA trigger terms



## Product detail page

Modal launches from "Learn More" link

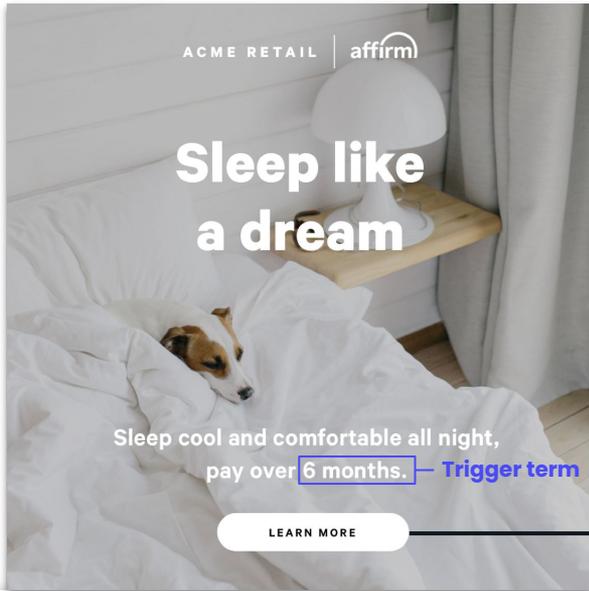


Representative example

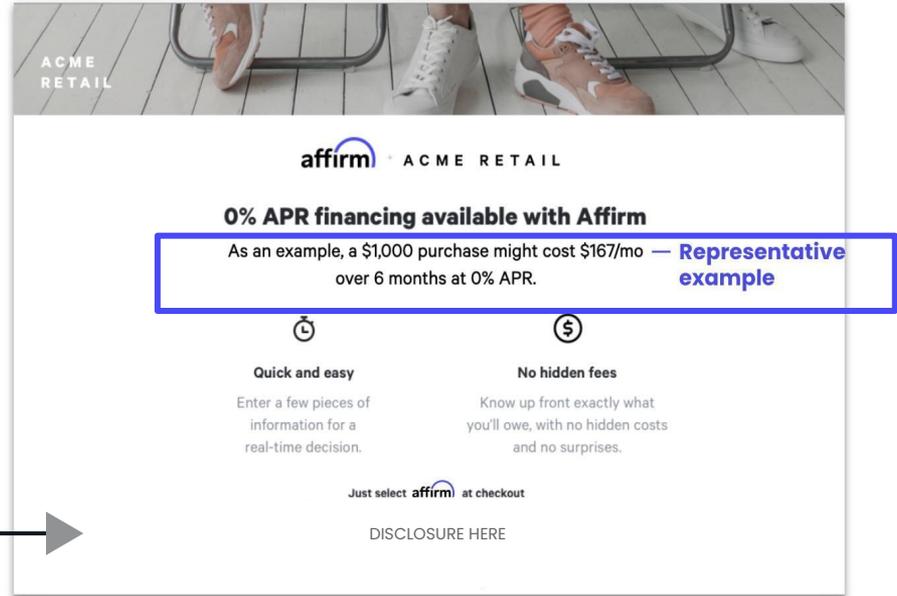
## Affirm EDU modal preloaded

Close modal to return to product detail page

# Sample flow with TILA trigger terms



Ad



Affirm educational page

# One more note on TILA

The cost to finance must be expressed in terms of an Annual Percentage Rate (or APR) and cannot be expressed as an Interest Rate only.

This is the way the cost to finance **MUST** be expressed

- 0% APR

These are the ways the cost of finance **CANNOT** be expressed

- 0% Interest
- 0%

# Disclosures 101

# Applicable to all marketing

- Disclosures inform customers of **actually available** terms
- They must meet a “clear and conspicuous” standard
  - They must be **legible**—no one should have to squint to read them.
  - Contrast text with background: **this works well**, but **this does not**
- If disclosures are separate from the claim they modify, tie the disclosure and the claim together with one of the following methods:
  - a hyperlink
  - reference text (see footer for details), or
  - a reference symbol (e.g., \*,†)
- If using a reference symbol, the claim ends with the reference symbol and **the disclosure begins with the same reference symbol**

# Level 1

Payment options through Affirm are subject to an eligibility check and are provided by these lending partners: [affirm.com/lenders](https://affirm.com/lenders) . CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license.

## When to use this disclosure:

- Ad simply mentions Affirm and/or financing availability
- Ad does *not* mention an APR
- No TILA trigger terms present

## Level 2

Rates from {0–36% APR} {10–36% APR}. Payment options through Affirm are subject to an eligibility check and are provided by these lending partners: [affirm.com/lenders](https://affirm.com/lenders). Options depend on your purchase amount, and a down payment may be required. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license. For licenses and disclosures, see [affirm.com/licenses](https://affirm.com/licenses).

### When to use this disclosure:

- Ad mentions Affirm and/or financing availability and APR (e.g. “as low as 0% APR”)
- No TILA trigger terms present

# Level 3

Rates from {0–36% APR} {10–36% APR}. For example, a \$800 purchase might cost \$72.21/mo over 12 months at 15% APR. Payment options through Affirm are subject to an eligibility check and are provided by these lending partners: [affirm.com/lenders](https://affirm.com/lenders). Options depend on your purchase amount, and a down payment may be required. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license. For licenses and disclosures, see [affirm.com/licenses](https://affirm.com/licenses).

## When to use this disclosure:

- TILA trigger terms are present, meaning a representative example must be displayed. *See page 8 for guidance on drafting a representative example of a typical offer through your Affirm program.*

# Level 4

Rates from {0–36% APR} {10–36% APR}. [Add a sentence describing any restrictions of promotion]. For example, a \$800 purchase might cost \$72.21/mo over 12 months at 15% APR. Payment options through Affirm are subject to an eligibility check and are provided by these lending partners: [affirm.com/lenders](https://affirm.com/lenders). Options depend on your purchase amount, and a down payment may be required. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license. For licenses and disclosures, see [affirm.com/licenses](https://affirm.com/licenses).

## When to use this disclosure:

- TILA trigger terms are present, meaning a representative example must be displayed. See page 8 for guidance on drafting a representative example of a typical offer through your Affirm program.
- Use when your financing program includes 0% APR on monthly terms for a limited time, or if other material limitations of the offer should be clarified.

**See next page for examples of context-specific disclosures**

# Context-specific disclosures

These disclosures may be applicable, depending on the context

Limitations of 0% APR promotional offer

- 0% APR promotion ends MM/DD/YY at XX:XX am/pm (time zone).
- 0% APR is subject to change.

Reminder to remove this disclosure from the marketing materials once the promotion ends

Payment or purchase amount advertised does not include taxes and shipping (Optional)

- Estimated payment amount excludes taxes and shipping.

When a free-trial program is marketed beyond 30 days (any interest already paid will not be refunded by Affirm, meaning the trial may be free from a *purchasing* but not a *financing* perspective.

- Paid interest is non-refundable.

Cart floor/ceiling, based on your financing program with Affirm (Optional)

- Payments through Affirm are not available for purchases [over/under] \$[Insert cart floor/ceiling].

Reminder to modify this disclosure if cart floor/ceiling changes

Where to find more information about Affirm (Optional)

- See [affirm.com/help](https://affirm.com/help) for details.

# Guidance for email, video and TV

# Guidance for marketing emails

- All emails must include disclosures directly **in the email itself, not one click away**.
- Emails with TILA **trigger terms** must include the full terms of repayment or a **representative example in the email itself, not one click away**.
- If the subject line has a **trigger term**, a **representative example** needs to be clear and conspicuous in the body of the email (see slide 9). The subject line must be accurate and not misleading.
- If the body of the email has a **trigger term**, a **representative example** (see slide 8) needs to be clear and conspicuous, either near the trigger term or connected to a separate disclosure via a reference symbol (\*) or reference text (“See footer for details”).
- Marketing emails must include an **opt-out mechanism**, and cannot be sent to customers who have opted out of marketing emails. Opt-out requests must be honored within **10 days**.
- Marketing emails must comply with the **CAN-SPAM** requirements outlined on slide 28.

# Special guidance for video and TV

- For any videos/TV spots that mention trigger terms, a **representative example** needs to be included.
- Disclosures can be verbal or shown on screen.
- Disclosures must be legible to a reasonable person
- Introduction of disclosures: Be sure they're introduced at the same time as or before the trigger term, with enough video left to keep it on screen for the required length of time.
- Disclosures can be over any visual as long as they're visible at the bottom.
- Disclosures need to be based on a reading time of 3 words/second.

# Industry Specific Compliance supplement

# Industry Specific Compliance Supplement

Affirm works with thousands of different businesses across various industries; some of them may have additional requirements to market Affirm accurately and in compliance with applicable law. Consider the additional guidance if your business falls into one of the industries listed below:

- [Alcohol](#)
- [Healthcare & Elective Medical](#)
- [In-home sales](#)

# Appendix: Consumer regulations

# Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)

Unfair, deceptive, or abusive acts and practices can cause significant financial injury to consumers, erode consumer confidence, and undermine the financial marketplace. UDAAP was established to prevent consumer harm by misleading or deceitful actions.

## Preventing UDAAP in advertising

To avoid UDAAP risk, marketing must:

- Include all relevant information
- Be clear and easily understood
- Avoid a false sense of urgency
- Be honest

## Additional context

Disclosures don't eliminate the UDAAP risk

- Disclosures are helpful with providing additional context, but they do not negate misrepresentations, omissions, or other deceitful claims.

Substantiate claims

- Provide a factual basis that underlies statements about the product.

Honor promotions & rebates

- All promotions offered must be honored—including any “risk free” trials, 0% APR financing, or money back guarantees.

Intent is irrelevant

- Regulators do not consider whether a company intended to mislead or cause harm when determining violations.

# Fair lending

**Fair Lending** applies to the entire lifecycle of a loan, including advertisement of the credit product. Fair lending means: Federal and State laws prohibit discrimination during any part of the lifecycle of a loan, including in the advertisement of a credit product. As a partner retailer, when advertising Affirm financing, this means you must avoid discouraging individuals from applying. Retailers cannot impose additional application requirements to the application process.

While a retailer may be inherently attractive to a particular demographic, the retailer should avoid targeting Affirm financing based on customer demographic information, including:

- Race/Ethnicity
- Color
- Religion
- National origin
- Sex (including sexual orientation or gender identity)
- Familial status/Marital Status
- Disability
- Age (provided the applicant has the capacity to contract)
- Income dependency on a public assistance program

# CAN-SPAM Act

The **CAN-SPAM Act** covers “any electronic mail message the primary purpose of which is the commercial advertisement or promotion of a commercial product or service,” including email that promotes content on commercial websites. CAN-SPAM includes business-to-business email. The FTC has provided the below guidance to comply with CAN-SPAM:

1. **Don't use false or misleading header information.** Your “From,” “To,” “Reply to,” and routing information—including the originating domain name and email address—must be accurate and identify the person or business who initiated the message.
2. **Don't use deceptive subject lines.** The subject line must accurately reflect the contents of the message.
3. **Identify the message as an ad.** The law gives you a lot of leeway in how to do this, but you must disclose clearly and conspicuously that your message is an advertisement.
4. **Tell recipients where you're located.** Your message must include your valid physical postal address. This can be your current street address, a post office box you've registered with the U.S. Postal Service, or a private mailbox you've registered with a commercial mail receiving agency established under Postal Service regulations.
5. **Tell recipients how to opt out of receiving future email from you.** Your message must include a clear and conspicuous explanation of how the recipient can opt out of getting email from you in the future. Craft the notice in a way that's easy for an ordinary person to recognize, read, and understand. Creative use of type size, color, and location can improve clarity. Give a return email address or another easy internet-based way to allow people to communicate their choice to you. You may create a menu to allow a recipient to opt out of certain types of messages, but you must include the option to stop all commercial messages from you. Make sure your spam filter doesn't block these opt-out requests.
6. **Honor opt-out requests promptly.** Any opt-out mechanism you offer must be able to process opt-out requests for at least 30 days after you send your message. You must honor a recipient's opt-out request within **10 business days**. You can't charge a fee, require the recipient to give you any personally identifying information beyond an email address, or make the recipient take any step other than sending a reply email or visiting a single page on an Internet website as a condition for honoring an opt-out request. Once people have told you they don't want to receive more messages from you, you can't sell or transfer their email addresses, even in the form of a mailing list. The only exception is that you may transfer the addresses to a company you've hired to help you comply with the CAN-SPAM Act.
7. **Monitor what others are doing on your behalf.** The law makes clear that even if you hire another company to handle your email marketing, you can't contract away your legal responsibility to comply with the law. Both the company whose product is promoted in the message and the company that actually sends the message may be held legally responsible.
8. Please see <https://www.ftc.gov/business-guidance/resources/can-spam-act-compliance-guide-business> for FAQ's and e-mail examples.