



Market Announcement

18 November 2019

Attached for the information of the market is ASX's query letter to iSignthis Ltd (ASX:ISX) dated 31 October 2019 and ISX's response dated 15 November 2019.

ASX's enquiries into a number of issues concerning ISX are ongoing. ISX's securities will remain suspended until further notice.

15th November 2019

Australian Securities Exchange
525 Collins Street
MELBOURNE VIC 3000

Attention: Mr James Gerraty, Senior Manager, Listings Compliance (Melbourne)

**iSignthis Ltd ('ISX'): Third Query Letter
Response to correspondence dated 31st October 2019**

Please find below our response to your further queries dated 31st October 2019.

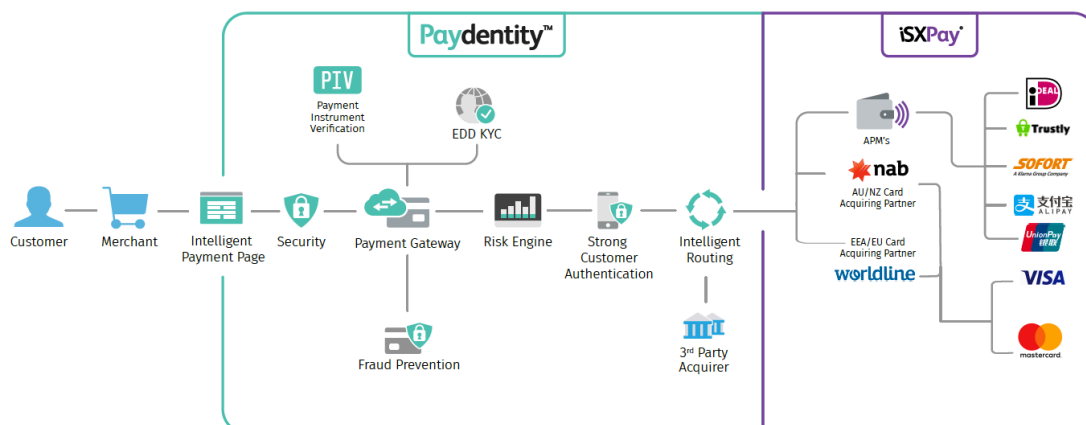
- Please provide a certified translation into English of the documents dated 9 July 2018 provided as part of the response to Question 1(a) of the Query Letter.**

As requested, attached is a certified translation into English of the two previously requested electronic money licence documents from the Central Bank of Cyprus dated 9 July 2018. The attached documents are provided on a confidential basis and are not for release to the market in whole or in part.

- Please explain why ISX bills 'Identity as a service KYC' and 'Payment Gateway' together as a bundled service, and why it is unable to provide the revenue generated from these two services separately.**

ISX bills "Identity as a service KYC" and "Payment Gateway" together as a bundled service because these services are interlinked. Put simply, the Payidentity service requires the "Payment Gateway" to process the payment in order to verify the identity of the payer.

The diagram below illustrates how the two services are interlinked in ISX's Payidentity™ platform (within the green box in Figure 1) such that the revenue is amalgamated and cannot be provided separately.



Revenue Generated by transaction based Payment Gateway (flat fee), PIV (flat fee) and KYC (flat fee), MSF% on GPTV shared with WLN and NAB - Tier 2 Access to Visa and Mastercard via Principal Memberships of WLN and NAB

Figure 1: ISX Tier 2 payments network as at mid-2018.

3. Please explain why ISX did not release the key terms of the following customer agreements to the market:

- a. the Corp Destination agreement;
- b. the second FCorp agreement;
- c. the Immo agreement; and
- d. the agreement between Nona and Authenticate BV which generated €252,500 of revenue in April 2018 (as referred to in D v) above).

ISX did not release the key terms of these customer agreements because at the time it entered into each agreement the significance of the contract to the company was not known. In particular, at the time, ISX did not have a reasonable factual basis to make a statement about the projected revenue which may have been derived from that customer. Accordingly, if ISX had made such a statement to the market it could have potentially been misleading. These reasons are explained in more detail below.

A. Difficult to project the growth of a new customer

Since it commenced business ISX has signed hundreds of contracts with customers, with the aim that each one will grow to become a large customer and generate large Gross Processed Turnover Volume (**GPTV**). However it was, and it still is, very difficult to anticipate the pace at which a customer will grow, if at all, and therefore contribute to ISX's actual revenue. For example, FCorp and Immo's successors have become large customers, processing over AUD \$35 million (unaudited) GPTV collectively to date in calendar year 2019, however each individually is still not considered material in terms of the rapidly growing actual GPTV which is now in excess of AUD \$1.9 billion (annualised/unaudited), and increasing. In contrast, other customers have generated less transactional activity for ISX. One such customer is Corp Destination Pty Ltd, which has not grown as a customer of ISX due to circumstances beyond its control and the control of ISX.

B. Actual GPTV vs contracted GPTV

When ISX enters into a contract with a customer the potential in terms of actual GPTV is solely based on that customer's declaration of historic GPTV. During its customer due diligence process ISX confirms that historic GPTV. However, the conversion of 'contracted' GPTV to 'actual' GPTV is largely within the customer's control.

ISX considers that it is the actual sustainable GPTV which affects the price or value of its shares. ISX understands that market analysts share this view. Further, it is supported by an analysis of the market announcements made by ISX in the period from 2015 to 2018. During that period ISX made numerous announcements about the development of its business. In particular, it made announcements in relation to the deployment of its network and its capabilities. It also provided updates in relation to its intellectual property, regulatory approvals, business alliances (such as with banks and credit card issuers), new product offerings, signing of customer contracts and anticipated GPTV. However, none of these announcements materially affected the price or value of ISX's shares.

C. ASX's apparent view about materiality

With the benefit of hindsight, the ASX now seems to assert that the execution of these four customer agreements were material to the price or value of ISX's shares, apparently on the basis of the quantum of the early revenue attributable to sign-on, establishment and technical integration.

ISX has a different view. It does not consider the one-off technical integration fees to be material. Rather, it regards the evergreen long-term payment and electronic money services relationship delivered via its Payidentity™ and ISXPay® platforms as being the material relationship and the material value-driver. For example, the actual gross profit from the establishment phase of the arrangements with the customers identified in 3a, 3b and 3c of the question was a

modest \$120,000 (approximately). When compared with the long-term gross profit or ongoing Merchant Services Fee that would be derived from the services agreements, it was not material.

D. Guidance Note 8

In recital N to the ASX Query Letter the ASX refers to Guidance Note 8 (**GN8**). It appears that the ASX considers GN8 to be unconditional in relation to the disclosure of customer names and confidential terms. However, ISX did not, and still does not, interpret GN8 to be so absolute. Rather, ISX understands GN8 to provide guidance which may not be applicable in every circumstance. In this respect, ISX relies on the various qualifying words in GN8, including “*wherever possible*”, “*for example*”, “*depending on the circumstances*” and “*generally*”.

At the beginning of 2018 ISX adopted a policy of generally not announcing new customer names (not to be confused with business partner names). In this regard, on 5 February 2018, ISX told the market that:

“The Company will no longer announce merchants by name, but will report based on sector / actual results, in order to preserve merchant confidentiality and Company’s commercial positioning.”

Accordingly, ISX disclosed to the market its practical interpretation and application of GN8 and it has followed that practice ever since.

Further, for the reasons set out below, ISX considered that GN8 was inapplicable in the manner that is now suggested by the ASX.

First, ISX holds its Euro deposits at Central Banking facilities in the European Union and an ISX operating subsidiary is licensed as an electronic money institution. As such, it is a specialist sub-type of credit institution and deposit-taking type institution under European law, which can:

- issue electronic money;
- issue International Bank Accounts (IBANs) to customers and hold their funds in exchange for electronic money;
- process payments from major card schemes such as Visa, MasterCard, JCB, Diners, Discover, and ChinaUnionpay of which it is a principal member institution of each; and
- make interbank payments that are accessible via the SWIFT.org issued Bank Institution Code (BIC) of ISEMCY22XXX via the Single Euro Payment Area network.

It is therefore not usual for such institutions to reveal customer names or customer data without the customer’s consent, as customer privacy is preserved under various European Union banking related and privacy laws. ISX understands that Australian banks and other financial institutions which are listed on the ASX are subject to similar laws and restrictions.

Secondly, for the reasons set out in sections A to C above, ISX did not consider any one customer contract to be material, particularly in advance of actual GPTV being processed and therefore confirmed.

In these circumstances, throughout 2018 ISX told both the ASX and the market that it was signing early customer contracts without announcing names, pricing, integration dates or other similar terms. Each of the following announcements contained direct references to customer contracts without naming particular customers:

- 22 August 2017, “First Australian Card Acquiring Contracts Execute for Retail Merchants”
- 4 September 2017, “ISX Pay: Further Australian card acquiring/processing contracts executed”
- 11 October 2017, “ISX Pay: Further Australian card acquiring/processing contracts executed”
- 8 November 2017, “ISX Pay: Further Australian card acquiring/processing contracts executed”
- 5 February 2018, “ISX Pay: Australian payment processing & funds settlement update”
- 26 February 2018, “ISX Pay: Four Major EEA/EU based merchants Contracted”
- 7 March 2018, “First European Based Merchant Transacting”
- 26 April 2018, “Report to shareholders for the Quarter Ended 31st March 2018”
- 4 June 2018, “Interim Update”
- 4 June 2018, “EMA’s: Launch and First Contracts”
- 3 September 2018, “GPTV Update”
- 6 February 2019, “ISX Pay: Australian Card Processing Facilities”
- 14 February 2019, “Australian Merchant Onboarding Update”
- 3 April 2019, “ISX Pay EEA Card Processing Update’ (referred to over 100 agreements)
- Other later and generic business progress announcements

Some other announcements named customers where that was the desire of the customers. For example, in some instances a new business wanted it to be known that it was gaining transaction assurance by using ISX’s well-regarded technologies.

4. Were FCorp and Nona the two unnamed contracted clients for eMoney accounts referred to in ISX’s announcement titled ‘EMA Launch and First Contracts’ released on MAP on 4 June 2018?

Yes.

If the answer to this question is ‘yes’, please explain why ISX did not name FCorp and Nona as the counterparties to those agreements.

ISX did not specifically name FCorp and Nona as the counterparties to those agreements because it did not, and still does not, consider that the identity of specific customers would have a material affect on the price or value of its shares. The reason being that its aggregate ‘book value’, expressed as GPTV and Merchant Services Fee percentage (MSF%), is the more appropriate basis by which its performance is accurately measured. This is because individual customers come and go over time, some are seasonal and others peak during one-off events (for example, Black Friday sales events).

The ASX appears to be concerned with the status of FCorp and Nona in Australia. However, ISX has not done business with these two customers in Australia. ISX was contracted to provide services to those customers in other jurisdictions, not in Australia.

If the answer to this question is ‘no’, please identify the counterparties to the contracts in question and explain why ISX did not release the key terms of the FCorp agreement and the Nona agreement to the market.

Not applicable.

5. Please provide a copy of any agreement between Nona and Authenticate BV referred to in Question 3 d) above.

As requested, attached is a copy of the agreement between Nona and Authenticate BV which is referred to in question 3 d) above. It is provided on a confidential basis and is not for release to the market in whole or part.

ISX did not proceed with this agreement beyond an initial trial because it became apparent that the company was diverging from its core business, despite relying upon the Paydentity™ platform.

6. Please provide the name and job title or position of the person who signed:

- a. the first FCorp agreement on behalf of FCorp; and**
- b. the Immo agreement on behalf of Immo.**

ISX is concerned that the European Union General Data Protection Regulation prohibits it from publicly disclosing the information which is sought by the ASX. In this respect, ISX refers the ASX to Articles 7 and 49 of REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Conversely, ISX is also concerned to comply with its obligations under the Listing Rules and placate any concerns which the ASX may have in relation to the execution of these two agreements. Accordingly, the information requested by the ASX is provided in the attached Schedule marked "Not for Release to Market". That information is confidential and is not for release to the market in whole or part.

7. Please provide a copy of the following (not for release to the market):

- a. the invoices and remittance advices relating to the customers and revenue detailed in paragraph D above; and**

As requested, attached is a copy of the invoices and remittance advices requested by the ASX. These documents are provided on a confidential basis and are not for release to the market in whole or in part.

- b. the bank statements of ISX and its subsidiaries evidencing each of the payments received from the customers detailed in paragraph D above relating to the revenue detailed in paragraph D above, highlighting in those bank statements the payments in question.**

As requested, attached are the highlighted bank statements which evidence each of the payments received from the customers detailed in paragraph D of the ASX's Query Letter in relation to the revenue detailed in paragraph D of that letter. These documents are commercially sensitive and provided on a confidential basis. They are not for release to the market in whole or in part.

8. Please provide specific details of the services that Authenticate Pty Ltd provided to Corp Destination in the June 2018 quarter including, if applicable, the number of KYC services provided, and the number or amount of payment gateway services provided.

This was a platform establishment and integration agreement. No KYC services or payment gateway services were provided.

The Company provided to Corp Destination Pty Ltd a secure cloud environment to PCI DSS standards, deployed a licence from a third-party trading platform to the cloud environment, and integrated its Paydentity™ KYC and ISXPay services to the platform.

The substantive role of ISX was to provide a secure cloud environment incorporating its PCI DSS know how.

This required ISX to:

- establish and configure a secure cloud environment consistent with ISX's PCI DSS and ISO27001 requirements;
- acquire a licence of off-the-shelf trading software on behalf of the customer in the customer's name;
- deploy the off-the-shelf trading software to the cloud environment;
- modify ISX's data input and outputs to accept and transmit data to the trading software;
- test and put into production, with data shared between the Paydentity™ platform and the "Trading Platform"; and
- at the customer's request, process payments, undertake identity verification and electronically share data with the trading platform.

9. Please provide specific details of the 'Trading Platform Licenses' and the 'software tools and APIs' which were developed and integrated for:

- a. FCorp under the second FCorp agreement; and**
- b. Immo under the Immo agreement.**

ISX did not develop the "Trading Platforms". Rather, ISX deployed trading platforms on behalf of its customers which it had licensed from separate licensors who had developed the bitcoin and FX platforms.

The substantive role of ISX was to provide a secure cloud environment to PCI DSS requirements.

This required ISX to:

- establish and configure a secure cloud environment consistent with ISX's PCI DSS and ISO27001 requirements;
- acquire a licence of off-the-shelf trading software on behalf of the customer in the customer's name;
- deploy the off-the-shelf trading software to the cloud environment;
- modify ISX's data input and outputs to accept and transmit data to the trading software;
- test and put into production, with data shared between the Paydentity™ platform and the "Trading Platform"; and
- at the customer's request, process payments, undertake identity verification and electronically share data with the trading platform.

The Paydentity™ platform is a Know Your Customers Customer (KYCC) and transaction monitoring platform, for credit and debit card payments, as well as direct debits processed directly by ISX as the payment services provider. It is not designed to monitor bank accounts that ISX does not operate. Accordingly, any suggestion that ISX is responsible for monitoring third party banks and their activities is misconceived. ISX is responsible for monitoring transactions by its merchants once the payment process commences. It is not responsible for the licensing or regulation of its clients. It is not responsible for how those clients market their services to their customers.

Your response should include the names of the brands and websites which host or hosted the 'Trading Platforms', and the products and/or services which are or were provided via the respective 'Trading Platforms' and state specifically when those 'Trading Platforms' were launched.

ISX knows that www.bitconvert.com and www.thechange.io are two brands using the 'Trading Platforms'.

iSignthis eMoney Ltd, which is 100% owned by ISX, has been granted a European Economic Area electronic money licence. Electronic money is not a digital currency and should not be confused with cryptocurrencies such as bitcoin. Electronic money is a regulated product. It is tied to the value of a European Economic Area member state currency, usually Euro. It can be issued by Central Banks, Banks and Electronic Money Institutions pursuant to a licence granted under the European Union's Electronic Money Directive 2009/110/EC.

ISX is not able to say what products and/or services are or were provided via the respective 'Trading Platforms'. Those questions should be directed to ISX's clients, who are better placed to answer them.

That said, ISX is concerned to comply with its obligations under the Listing Rules and placate any concerns which the ASX may have in relation to the revenue which it derived from these customers. Accordingly, ISX confirms that it obtained a certificate of practical completion from each customer before the revenue was recorded in its books. ISX understands that its auditors have reviewed those certificates of practical completion.

By integrating the Payidentity™ platform with the third party "Trading Platforms" used by these particular customers, ISX has itself gained valuable knowledge that it has been able to deploy for subsequent customers who have elected to use the same or similar third party "Trading Platform". This has enabled ISX to bring on new customers who are using, or are wanting to use, the same or similar third party "Trading Platforms" much faster than it would otherwise have been able to do.

10. In which category or categories did ISX include the revenue booked for FCorp under the second FCorp agreement and for Immo under the Immo agreement in its response to Questions 2(a)(ii) and 2(b)(ii) of the Query Letter? Please explain the rationale for this categorisation.

The previous response was mistaken.

The revenues have since been allocated to "Integration/Set up" and removed from the "Identity as a Service KYC/Payment Gateway" category. The rationale for this categorisation is set out in the response to question 9 above.

The revenue in the June 2018 half for FCorp, Immo and Corp Destination totalling \$2,923,960 should have been classified as 'Integration / Set up services'.

The updated table is provided below.

Unaudited Revenue Splits	6 Months Ended Dec-17	3 Months Ended Mar-18	6 Months Ended Jun-18	6 Months Ended Dec-18
Revenue by Service/solutions - AUD				
Card Acquiring	\$ 58,456	\$1,173,240	\$1,213,567	\$ 560,044
Identify as a service KYC / Payment Gateway (1)	\$ 741,043	\$ 218,567	\$ 729,439	\$ 266,301
Integration / Set Up	\$ -	\$ 106,000	\$3,056,187	\$ 47,220
eMoney Services	\$ -	\$ -	\$ 3,286	\$ 42,496
Software as a Service	\$ -	\$ -	\$ -	\$ 173,453
Intercompany remittance	\$ -	\$ -	\$ -	\$ -
Custodial Account Services	\$ -	\$ -	\$ -	\$ -
Total ISX Contract Service Fee Revenue	\$ 799,499	\$1,497,808	\$5,002,479	\$1,089,515

(1) KYC and gateway processing are billed as a bundled service

Unaudited Revenue Splits	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Revenue by Service/solutions - AUD						
Card Acquiring	\$ 9,789	\$ -	\$ 37,425	\$ 25,473	\$ 27,161	\$116,929
Identify as a service KYC / Payment Gateway (1)	\$ 420,726	\$ 49,776	\$ 40,371	\$ 34,166	\$ 41,251	\$ 41,777
Integration / Set Up	\$ -	\$1,093,488	\$1,849,820	\$ 35,572	\$ -	\$ -
eMoney Services	\$ -	\$ -	\$ 3,278	\$ 19,879	\$ 9,816	\$ 8,783
Software as a Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intercompany remittance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Custodial Account Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total ISX Contract Service Fee Revenue	\$ 430,515	\$1,143,263	\$1,930,893	\$ 115,090	\$ 78,228	\$167,489

(1) KYC and gateway processing are billed as a bundled service

11. It appears that all of the revenue under the second FCorp agreement and the Immo agreement was booked in May 2018 and June 2018, notwithstanding the fact that both agreements involved the provision of 'license, software, services, development, integration & maintenance', 'technical support services', '6 months software support' and 'training' for 'Trading Platforms'.

Please explain why all of the revenue under the second FCorp agreement and the Immo agreement was booked in May 2018 and June 2018, specifically referencing the time frames during which the services were performed, the relevant accounting standards, and ISX's accounting policies for revenue recognition.

From late 2017 to early 2018 ISX started work to integrate its platforms into popular third party "Trading Platforms". It did so at its own risk in anticipation of securing new customers. At the time, ISX saw an opportunity to capitalise on the frenzy surrounding bitcoin and the need for its potential customers to have a payment option integrated with their choice of third party "Trading Platform".

FCorp and Immo

In the period from February 2018 to April 2018, ISX made conditional verbal representations to FCorp and Immo and gave them indicative pricing to undertake the requisite work to integrate ISX's platforms into the third party "Trading Platforms".

In late April 2018, ISX was in a position to commit to undertaking the requisite work to integrate its platforms into the third party "Trading Platforms". However, the customers lacked the necessary personnel and/or know how to deploy the third party "Trading platforms".

Accordingly, ISX offered to deploy the cloud-based environment, install the third-party trading platform (which was to be licensed in each customer's name), and integrate the trading platform to the ISXPay® and Paydentity™ platforms owned and operated by ISX.

From May 2018, ISX commenced the work required to establish a secure PCI DSS environment and third-party licence deployment for each customer. This took about ten man-days for each customer to deploy the environment, and around 3 man-days to deploy the licence into each environment. The work was completed by mid-June 2018.

The revenue was 'booked' in accordance with the applicable accounting policies and standards cited in the notes to the financial statements which were audited by Grant Thornton (see AASB 15 – Revenue for contracts with customers). The value of the training and support services was less than 1.5% of the contract values. It was invoiced in advance and was non-refundable. Accordingly, taking up the revenue in the half year was considered to be appropriate by ISX and its auditors.

- 12. ASX notes that the second FCorp Agreement and the Immo Agreement accounted for €1,378,500 (approximately A\$2.2 million) of ISX's revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018. This equates to approximately 40% and 35% of ISX's total revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018, respectively.**

Did ISX disclose to the market that its activities had expanded to encompass the provision of 'Trading Platforms' and related services?

If the answer to this question is 'yes', please provide details of the disclosure.

If the answer to this question is 'no', please explain why ISX did not disclose to the market that its activities had expanded to encompass the provision of 'Trading Platforms' and related services.

The premise of this question is wrong. The market activities of ISX had not expanded to encompass the provision of 'Trading Platforms' and related services. Accordingly, it was not necessary to make such a disclosure to the market.

As set out in the answers to questions 8, 9 and 11 above, ISX did not provide trading platforms in the same way as a developer, proprietor or licensor. Rather, ISX setup a secure cloud environment, deployed 'off the shelf' trading platform software and integrated the trading platforms with its Payidentity™ and ISXPay® platforms. This was not an expansion of ISX's services. It was a fundamental aspect of deploying its own technology which needed to be integrated.

- 13. Please describe the due diligence processes that ISX undertook before agreeing to provide any services to each of the following customers:**

- a. Corp Destination;
- b. FCorp;
- c. Immo; and
- d. Nona.

The due diligence undertaken by ISX in relation to the customers identified in the question is set out in ISX's letter dated 25 October 2019 in response to the ASX's Query Letter dated 15 October 2019. In particular, please see the answer to question 6 on page 7 of 12 of ISX's letter dated 25 October 2019.

Further, ISX seeks to identify where ultimate beneficial owners, shareholders and directors are common across various entities to which it provides services.

ISX is concerned that the General Data Protection Regulation prohibits it from disclosing to the ASX any personally identifiable information of European Union citizens or residents unless explicit consent is granted by the individual. In this respect, ISX refers the ASX to Articles 7 and 49 of REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT

AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Conversely, ISX is also concerned to comply with its obligations under the Listing Rules and placate any concerns which the ASX may have in relation to its due diligence processes. Accordingly, ISX confirms that at the time it entered into the agreements none of the entities listed above had common directors, shareholders or ultimate beneficial owners (including Nona, whose shareholding details ISX has in its possession), and that these persons were of various nationalities and resided across various states of the European Union and other parts of the world.

14. Please outline in detail the steps that ISX had to undertake to bring each of the following customers on board and a timeline for the completion of those steps:

- a. Corp Destination;**
- b. FCorp under both the first FCorp agreement and the second FCorp agreement;**
- c. Immo; and**
- d. Nona under both the Nona agreement and any agreement provided in response to Question 5 above.**

Bringing each customer “on board” began with marketing activities and explanations of the Paydentity™ and ISXPay® product attributes and functionality, including the anti-crime capabilities of the platform, together with identification of the regulatory and compliance requirements that the platforms solve.

Negotiation and execution of each contract followed.

Each contract was executed on the date shown on the document which has previously been provided to the ASX. However, ISX began planning the implementation of the project while each contract was still being negotiated. It also undertook the technical integration work necessary to be ready to perform the services at its own risk, as it was deemed strategic to do so (see the answer to question 11 above in relation to the period from late 2017 to early 2018). Subsequently, with the exception of some immaterial ongoing training support, in May and June 2018 it performed those services as set out in the answer to questions 8 and 9 above.

15. Why did ISX issue credit notes/refunds totalling €14,750 to five of the six customers which generated ‘Integration/Set up’ revenue in the month of June 2018? When were these credit notes/refunds issued (please specify the dates)?

ISX did not issue refunds.

ISX issued credit notes. Those credit notes were issued on 30 June 2019. It reflected a decision that those relatively small uncollected amounts should not be carried forward as receivables in the accounts of the company.

16. The 4 June 2018 Announcement referred to ‘the resolution of the supply side network technical issue’ and included statements in relation to the issue and its resolution. Subsequently, the 3 September 2018 Announcement referred to ‘the previously reported third party functional and/or throughput limitations.’

In light of the above:

- a. Please provide specific details of the ‘technical issue’ referred to in the 4 June 2018 Announcement.**

During its Worldwide Developers Conference in April 2018 Apple released different privacy settings for MacOS and iOS browsers. From May 2018, those settings started to take effect as users upgraded their

operating systems. Those settings affected ISX's software. In turn, this affected ISX's actual GPTV, as a large number of Apple users were unable to access ISX's secure websites.

The technical issue concerned numerous pro-privacy updates which Apple issued for Safari, including a feature called Intelligent Tracking Prevention (ITP). This automatically purged third party cookies if a user did not revisit a particular site within 30 days. It also hindered "cross-site tracking," which limited tracking cookies from being read after the first 24 hours. Subsequently, Apple rolled out ITP 2.0. This totally removed the first 24-hour window, which meant that cookies could no longer be read by third parties which Apple had deemed to be "known for tracking." In short, if you were on Apple's watch list as being a site that tracks, ITP 2.0 was designed to prevent you from doing so.

Globally, ISX was not the only company affected.

ISX does not know how many customers failed to connect or the impact to its actual GPTV.

Various software changes by ISX overcame the technical issue. They were explained in ISX's announcement on 3 September 2018.

- b. Were any 'technical issues' unresolved at this juncture (4 June 2018)? If the answer to this question is 'yes', please provide specific details of the unresolved 'technical issues' and state where and when they were disclosed to the market or, if they were not disclosed, why not.**

Yes.

The unresolved technical issues are referred to in the previous answer above.

ISX first disclosed the unresolved technical issue on 4 June 2019.

ISX provided further disclosures to the market on 31 July 2018, 3 August 2018, 28 August 2018, 3 September 2018 (when it confirmed that the issue had been resolved) and 12 October 2018.

ISX was unable to give greater detail earlier than 3 September 2018 (see the 4th and 5th paragraphs of that announcement) because until then the issue was "*insufficiently definite*". The reason being that it took time to understand the precise nature of the technical issue and its link to the GPTV for specific customers.

The nature of this technical issue became fully understood upon finding the technical solution, which is part of ISX's technological trade secrets.

Further disclosure than that which was made on 3 September 2018 would result in ISX revealing its trade secrets. This would serve the interests of people seeking to commit financial crimes and be detrimental to the interests of ISX's clients and investors.

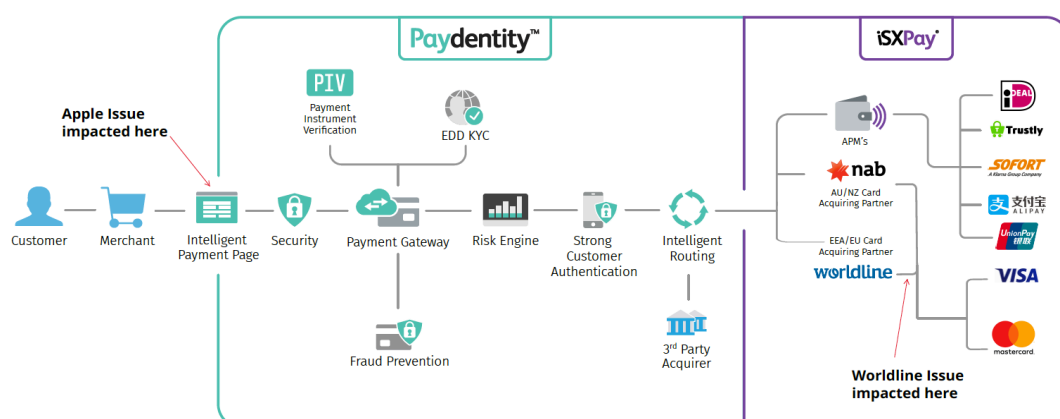
- c. Please provide specific details of the 'third party functional and/or throughput limitations' referred in the 3 September 2018 Announcement.**

ISX had entered into contracts with National Australia Bank and Worldline, two major credit card acquirers, to provide acquiring services until ISX gained that functionality itself (which it subsequently has in both Australia and Europe).

Subsequently, both National Australia Bank and Worldline imposed limits on particular transaction types that they would process, being card transaction types MCC 6211 & 6051. This required ISX to enter into contractual arrangements with other suppliers for those particular services. This was the subject of ISX’s announcements on 26 April 2018, 4 June 2018, 31 July 2018 and 3 August 2018.

Further, National Australia Bank also imposed commercial restrictions on the type, number and volume of merchants that ISX could process to its banking system.

The diagram below illustrates where the Apple “technical issue” and Worldline “third party functional and/or throughput limitation” issue impacted ISX’s two platforms.



Revenue Generated by transaction based Payment Gateway (flat fee), PIV (flat fee) and KYC (flat fee), MSF% on GPTV shared with WLN and NAB - Tier 2 Access to Visa and Mastercard via Principal Memberships of WLN and NAB

Figure 2: ISX Tier 2 payments network as at mid-2018.

- d. Please provide a copy of any incident reports or root cause analysis undertaken by ISX’s information technology personnel concerning the ‘technical issue’ referred to in the 4 June 2018 Announcement and the ‘third party functional and/or throughput limitations’ referred in the 3 September 2018 Announcement. If there are no such incident reports or root cause analysis, please explain why not.

For the following reasons there are no such documents.

First, ISX has a small technical team which works collaboratively and in an agile manner. Accordingly, there was no need for such incident reports to be raised.

Secondly, at the time ISX was not the regulated financial institution responsible for these transactions. The regulated financial institution for processing Australian transactions was the National Australia Bank and for European transactions it was Worldline. Whilst having been granted its own electronic money licence, iSignthis was a certified payment gateway that was processing payments in conjunction with National Australia Bank and Worldline. Accordingly, incident reports would only be raised by ISX if the issue was deemed to have a regulatory impact, for example a data breach, which it did not.

Details about ISX’s relationship with National Australia Bank were set out in the release entitled ‘iSignthis to offer advanced card services’ dated 8 August 2016.

Details about ISX relationship with Worldline were set out in the release entitled 'Worldline Partnership enhances Paydentity Services across EU' dated 12 July 2017.

The ASX release entitled 'Investor Update – September 2017 4C Quarterly Commentary #2' dated 24 October 2017 contained further detail on ISX's relationship with these entities.

- 17. Please provide full details of the intermittent impact that the 'KAB matter' had on processing, clearing and settlement during July 2018, August 2018 and September 2018, specifically referencing the number and value of transactions which were impacted during (a) July 2018, (b) August 2018, and (c) September 2018.**

The KAB account was a client segregated funds account. Accordingly, funds in the KAB account were deemed to be funds of ISX's clients. They were not funds which belonged to ISX or any of its subsidiaries. The KAB account intermittently cleared funds into ISX's account. The cause of the intermittent clearing only became apparent after a report from the Danish Government said that KAB had solvency issues.

ISX was directly impacted by the KAB matter and has subsequently written off €257,650 as a consequence of not being able to recover client funds. ISX understands that as it absorbed the loss none of its clients lost money. The provision for the bad debt was originally made in its December 2018 accounts.

To the best of its ability, ISX has previously given the ASX full details of the intermittent impact (see ISX's announcements dated 3 August 2018, 26 September 2018 and 12 October 2018). ISX does not have any data or documents which record the specific information sought by the ASX. Even with the benefit of hindsight, ISX is unable to apportion the impact to specific transactions, dates or, more significantly, to transactions that might have happened but did not occur.

- 18. Is there any connection between the credit notes/refunds ISX issued totalling €14,750 to five of the six customers which generated 'Integration/Set up' revenue in the month of June 2018 and:**

- a. the 'technical issue' referred to in the 4 June 2018 Announcement?
- b. the 'third party functional and/or throughput limitations' referred in the 3 September 2018 Announcement?
- c. the 'KAB matter'?

If so, please explain that connection.

If by "connection" ASX means "causal connection", the answer is no.

- 19. ASX notes that there was a dramatic decline in ISX's contracted service fees revenue in:**

- the September 2018 quarter compared to the June 2018 quarter (i.e. down \$3,092,858 from \$3,504,671 in the June 2018 quarter to \$411,813 in the September 2018 quarter); and
- the December 2018 half year compared to the June 2018 half year (i.e. down \$3,912,964 from \$5,002,479 in the June 2018 half year to \$1,089,515 in the December 2018 half year).

In ISX's opinion, to what extent was this dramatic decline in contracted service fee revenue attributable to:

- a. the 'technical issue' referred to in the 4 June 2018 Announcement?

For the following reasons, ISX is unable to express an opinion.

First, in the September quarter, a variety of factors affected ISX's revenue. The technical issue was one factor that could have caused the actual GPTV-driven component of revenue to be lower than it would otherwise have been.

Secondly, ISX was, and still is, unable to quantify the financial impact of the technical issue. ISX has no way of knowing how many users would have made a transaction but did not do so because of the changes made by Apple to the privacy settings, which prevented users from accessing the ISX payment website via iFrame.

b. the 'third party functional and/or throughput limitations' referred in the 3 September 2018 Announcement?

For the following reasons, ISX is unable to express an opinion.

First, in the September quarter a variety of factors affected ISX's revenue. This issue was one factor that could have caused the actual GPTV-driven component of revenue to be lower than it would otherwise have been.

Second, ISX was, and still is, unable to quantify the financial impact of this issue.

c. the 'KAB matter'?

For the following reasons, ISX is unable to express an opinion.

First, in the September quarter a variety of factors affected ISX's revenue. This issue was one factor that could have caused the actual GPTV-driven component of revenue to be lower than it would otherwise have been.

Secondly, ISX was, and still is, unable to quantify the financial impact of this issue.

General explanation with full context

At the time, ISX had:

- i. connected customers to its ISXPay and Paydentity platforms;
- ii. connected its ISXPay platform to third party networks (some of which subsequently failed to deliver as a consequence of the impact of item (b) above in the delivery chain); and
- iii. caused its ISXPay and Paydentity platforms to be connected to trading platforms, that in many cases were already operational or, in some few cases, were deployed by ISX (as explained in the answer to question 9 above).

However, the delivery chain could not become fully operational due to the:

- technical issue affecting Paydentity, which was referred to in the 4 June 2018 Announcement (see item (a) above);
- network issue affecting ISXPay, which was referred to in the 3 September 2018 Announcement (see item (b) above); and
- settlement issue affecting the movement of funds from natural or legal persons or card schemes (see item (c) above).

ISX responded to these issues as quickly as possible. It decided that finalising and launching its own capabilities was the most prudent approach.

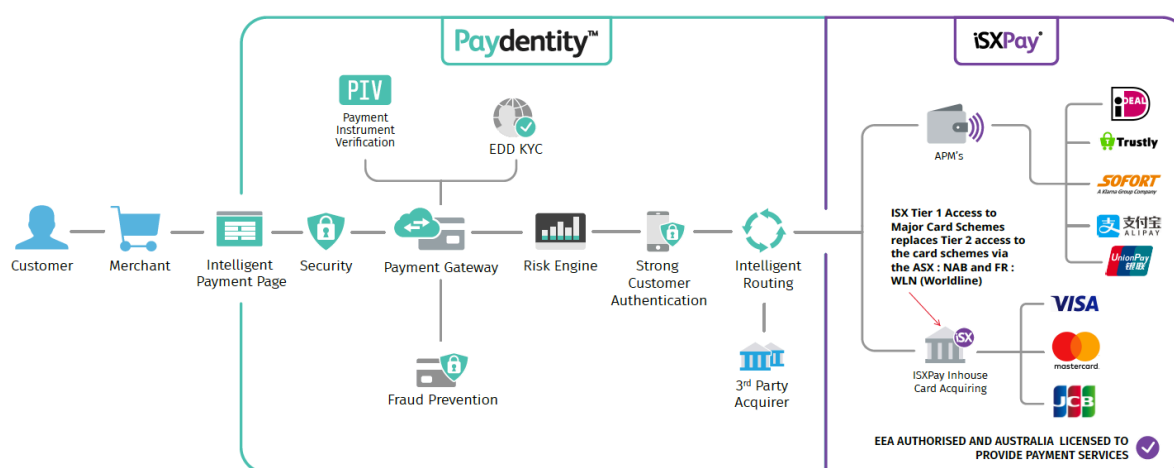
Accordingly, as announced on 30 August 2018, ISX resolved the:

- network issue, by completing its own Tier 1 network; and
- settlement issue, by obtaining its own connection to the central banking network and therefore eliminating its dependency on third party banks.

The resolution of these matters allowed ISX to convert contracted GPTV to actual GPTV and drive revenues in 2019, as a number of customers had already connected to the Paydentity and ISXPay platforms during 2018.

All of this was communicated to the market through an extensive series of announcements on 3 September 2018, 25 September 2018, 26 September 2018, 12 October 2018, 18 October 2018, 31 October 2018, 27 November 2018, 5 December 2018 and 13 December 2018.

The diagram below illustrates the direct connectivity to major card schemes without the National Australia Bank (ASX NAB) and Worldline (FR : WLN). It can be compared with Figure 2 in the answer to question 16(c) above.



Revenue Generated by transaction based Payment Gateway (flat fee), PIV (flat fee) and KYC (flat fee), MSF% charged and retained by ISX - Access to Visa, Mastercard and JCB directly (Tier 1) via ISX Principal Memberships

Figure 3: ISX Tier 1 payments network as at late 2018.

20. To the extent that any of the matters referred to in Questions 19 a), b) or c) above had a material impact on ISX’s contracted service fee revenue, why was that fact not disclosed by ISX to the market prior to the 26 September 2018 Announcement?

The majority of the contracts remained on foot. Accordingly, contracted revenue was not materially impacted.

The material consequence of the matters referred to in question 19 above was that the actual GPTV which contributed to ISX’s revenue was delayed until the first quarter of 2019. The possibility that this may occur was disclosed in various announcements made by ISX, including on 26 April 2018, 4 June 2018, 31 July 2018, 3 August 2018, 28 August 2018 and 3 September 2018.

- 21. If none of the matters referred to in Questions 19 a), b) or c) above had a material impact on ISX's contracted service fee revenue, what was the cause of the dramatic decline in ISX's contracted service fee revenue referenced in Question 19 (other than the loss of revenue from OT Capital) and why was it not disclosed to the market at the time?**

The various causes and their combined effect on the actual GPTV, and in turn ISX's revenue, is explained in the answers to questions 19 and 20 above.

- 22. Why didn't ISX disclose the magnitude of revenue derived from OT Capital in the June 2018 half year and/or the magnitude of the impact of the cessation of this revenue stream to the market in or around March 2018?**

ISX did not, and still does not, consider that the identity of specific customers has a material affect on the price or value of its shares. The reason being that its aggregate 'book value', expressed as GPTV and MSF%, is the more appropriate basis by which its performance is accurately measured as individual customers come and go over time, some customers are seasonal and other customers peak during one-off events (for example, Black Friday sales events).

Consistent with this approach, ISX reported its aggregate 'book value'. Although there was a decline in revenue, which was attributable to OT Capital (a joint card processing services customer of the NAB and ISX under a tripartite agreement), the revenue contributed by other customers increased and, in most cases, has continued to increase.

- 23. The revenue generated from the customers detailed in paragraph D above appears to have been predominantly 'non-recurring' in nature and this appears to ASX to be one of the primary reasons for the dramatic decline in ISX's contracted service fee revenue referenced in Question 19.**

In light of this, why didn't ISX disclose to the market that the revenue received from the customers detailed in paragraph D above was predominantly non-recurring and that this was a key reason for the decline in its revenue for the September 2018 quarter and for the December 2018 half year?

For the following reasons, the premise of the question is wrong.

First, for the reasons explained in the answers to questions 19 and 20 above, ISX's revenue for the September 2018 quarter and the December 2018 half year declined because the actual GPTV which contributed to ISX's revenue was delayed until the first quarter of 2019. It did not decline because the *"revenue received from the customers detailed in paragraph D above was predominately non-recurring"*.

Secondly, ISX does not consider the revenue received from these customers to be non-recurring. Most of these customers are still considered to be active customers.

Thirdly, even if those types of revenue are not regularly recurring for these particular customers (a matter which cannot be known at any point of time), ISX expects (and has experienced) the recurrence of set-up fee revenue across its entire customer base. This is plain from the client contracts which ISX has previously provided to the ASX.

Fourthly, as previously explained in the answers to questions 3, 4 and 22 above, ISX considers that it is the actual sustainable GPTV which affects the price or value of its shares. With transactional banking services it is the size of the book that is the measure of business value, not individual customers. No individual customer made a material contribution during the 'actual GPTV stage' of ISX's operations. Since processing commenced in earnest in 2019, and 'contracted GPTV' was converted to 'actual GPTV', ISX's assessment in 2018 of materiality can be confirmed.

In the circumstances, ISX did not make the announcement which the ASX suggests it ought to have made.

24. ASX notes that ISX's response to Question 2(f) of the Query Letter included a termination letter from a customer dated 4 December 2018. However, this customer does not appear to have been included in the list provided in response to Question 2(g)(iv) of the Query Letter.

In light of the above:

- a. Were any other customer agreements terminated during 2018 and 2019 to date? If so, please provide details.

No.

- b. During 2018 and 2019 to date, did ISX cease to generate revenue from any other customer agreements which were not formally terminated (for instance, where the customer ceased to operate or ceased using ISX's services without formally terminating the agreement)? If so, please provide details.

No.

25. Please update the table provided in response to Question 9(b) of the Query Letter to include the GPTV and revenue that was subsequently generated by each of the customers in 2018 and in 2019 to date.

ISX is concerned to protect its commercially sensitive confidential information. Conversely, ISX is also concerned to comply with its obligations under the Listing Rules and placate any concerns which the ASX may have. Accordingly, please see ISX's response in the attached Schedule marked "Not for Release to Market". That information is confidential and is not for release to the market in whole or part.

26. Did any individual customer generate more than 10% of ISX's revenue in the 9 months to 30 September 2019?

No.

If the answer to this question is 'yes':

- a. Has ISX disclosed the key terms of the relevant agreement(s) with that customer to the market? If so, please provide details of this disclosure.

- b. If the answer to a) above is 'no', please explain why ISX has not disclosed the key terms of the relevant customer agreement(s) to the market.

- c. Please provide a copy of each relevant agreement (not for release to the market).

27. Please confirm that ISX is complying with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that ISX is complying with the Listing Rules, and in particular Listing Rule 3.1.

28. Please confirm that ISX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ISX with delegated authority from the board to respond to ASX on disclosure matters.

We confirm that ISX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ISX with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully

A handwritten signature in black ink, appearing to read "Nickolas J. Karantzis".

Nickolas John Karantzis
Managing Director & CEO

A handwritten signature in blue ink, appearing to read "E. Warrell".

Elizabeth Warrell
Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Timothy J Hart".

Timothy J Hart
Chairman



31 October 2019

Reference: 09620

Mr Todd Richards
Company Secretary
iSignthis Ltd
456 Victoria Parade
East Melbourne VIC 3002

By email

Dear Mr Richards

iSignthis Ltd ('ISX'): Query Letter

ASX Limited ('ASX') refers to its query letter to ISX dated 15 October 2019 (the 'Query Letter') and ISX's response dated 25 October 2019 (the 'Response'), which were released together on the ASX market announcements platform ('MAP') on 28 October 2019.

Defined terms in ASX's Query Letter have the same meaning in this letter.

More specifically, ASX refers to:

- A. Question 1(a) of the Query Letter which asked ISX to provide a copy of its eMoney Institution (EMI) License #115.1.3.17 granted by the Central Bank of Cyprus in 2017, including the attaching conditions and any subsequent revisions to the licence and/or conditions.
- B. ISX's response to Questions 2(a)(ii) and 2(b)(ii) of the Query Letter, which disclosed combined revenue figures for 'Identity as a service KYC' and 'Payment Gateway' together with a note which stated '*KYC and gateway processing are billed as a bundled service*'.
- C. ISX's response to Question 2(a)(ii) of the Query Letter, which disclosed the following revenue by services/solutions for the six months ended 30 June 2018:
 - i) Card acquiring: \$1,318,934;
 - ii) Identity as a service KYC/Payment Gateway: \$3,653,399;
 - iii) Integration/Set Up: \$26,860;
 - iv) eMoney Services: \$3,286; and
 - v) Software as a Service: Nil.
- D. The agreements with four customers (provided as part of ISX's response to Question 2(f) of the Query Letter), which are summarised below, together with the revenue generated by these four customers (provided as part of ISX's response to Questions 2(a)(iv) and 2(b)(iv) of the Query Letter).
 - i) The agreement between Authenticate Pty Ltd, a subsidiary of ISX, and Corp Destination Pty Ltd ('Corp Destination') with an 'offer date' of 17 April 2018 for 'Enhanced Payment Gateway with AML KYC Identity Option & Payment Facilitation', which was executed on behalf of Corp Destination by one of its directors, Constantin Bardeanu ('Corp Destination Agreement').

ASX notes that:

- Corp Destination was registered by ASIC as a proprietary company on 19 March 2018.
- The directors of Corp Destination are Constantin Bardeanu and Norbert Schweizer (Source: ASIC company search).

- The Australian Government's Australian Business Register indicates that Corp Destination's Australian Business Number (ABN) became active from 8 June 2018 and that it is not registered for GST.
 - The Corp Destination Agreement states that Corp Destination 'offers services under Merchant Category Code 6051 "Quasi Cash Merchant" to international based customers from the websites www.oinvest.com and www.global.itrader.com', and that the services it provides are CFDs, binary options and foreign exchange.
 - Authenticate BV, a subsidiary of ISX, booked a total of €526,525 of revenue from Corp Destination in the June 2018 quarter.
 - Based on the revenue figures provided in the Response, no revenue was booked from Corp Destination in the December 2018 half year by ISX or any ISX subsidiary.
- ii) The agreement between iSignthis eMoney Ltd trading as 'ISXPay' ('ISXPay'), a subsidiary of ISX, and FCorp Services Ltd ('FCorp') dated 25 April 2018 for 'Merchant eMoney Payment Service', which was executed on behalf of FCorp by an unnamed person with an illegible signature ('First FCorp Agreement').

ASX notes that:

- ISXPay booked €2,141 of revenue from FCorp in June 2018 (and for the June 2018 quarter), and that payment remains outstanding (based on ISX's response to Question 2(c) of the Query Letter).
 - ISXPay booked €3,737 of revenue from FCorp in the December 2018 half year.
 - FCorp would appear to be one of the two unnamed contracted clients for eMoney accounts referred to in ISX's announcement titled 'EMA Launch and First Contracts' released on MAP on 4 June 2018.
- iii) The agreement between Authenticate BV and FCorp dated 30 May 2018, which was executed on behalf of FCorp by its director/shareholder, Olga Turkuli ('Second FCorp Agreement').

ASX notes that:

- The Second FCorp Agreement includes the following statements:
 - (i) FCorp's address is 'Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands'.
 - (ii) 'Service Provider [Authenticate BV] is engaged in the business of payment services, which require project management, software development, configuration, deployment, and integration ("Services") for connectivity between third parties such as the Company [FCorp] and the Service Provider ...'
 - (iii) 'The Company wishes to utilize the Services of the Service Provider in connection with the development and integration of certain software tools and APIs ...'
 - (iv) 'The Service Provider shall act as development and support independent contractor and shall provide the Company with such Services as follows:
 - a. License, Software, Services, Development, Integration & Maintenance.
 - b. Technical support services.
 - c. 6 Months Software Support.

-
- d. Training.'*
- (v) **'Fees (ex VAT)**
- (a) Trading Platform License per agreed Specification – €405,000/each*
- (b) Training - €2,500*
- (c) End Licensee Support (6 months) - €2,200 per calendar month*
- (d) CRM maintenance (6 months) - €2,200 per calendar month'*
- (vi) **'Terms**
- 50% of Fees for (a), (b) and (c) due within 7 days of execution*
- 25% Interim Progress Payment on install to servers*
- 25% upon End User Licensee "Go Live"*
- Maintenance and Support Fees for (d) and (e) due in advance, non refundable'*
- (vii) **'Excluded Items**
- ... Integration to iSignthis platform'*
- (viii) **'Total Commitment: €478,500 (ex VAT)'**
- (ix) **'Framework:**
- 1. The Company's authorized representative, which will supervise, coordinate with, and instruct the Service Provider on the Company's behalf will be Mr.____[no name inserted] (the "Appointee"). The Service Provider will report directly to the Appointee.'*
- (x) *'The Service Provider represents and warrants that Company will be the sole and exclusive owner of all Intellectual Property ...rights to Services and for any future Services that will be provided to Company by the Service Provider.'*
- Authenticate BV booked a total of €478,500 of revenue from FCorp in the June 2018 quarter.
 - Authenticate BV did not book any revenue from FCorp in the December 2018 half year.
 - ASIC's website includes an advisory page in relation to FCorp at: <https://www.moneysmart.gov.au/scams/companies-you-should-not-deal-with/unlicensed-companies-list/f/fcorp-services-ltd>, which advises that FCorp is also known as 'RI Markets' and that:

'ASIC advises this company [FCorp] could be involved in a scam. Do not deal with this business as it is unlicensed in Australia.

The business listed below [FCorp] has made unsolicited calls or sent emails about investing, financial advice, credit or loans and does not hold a current Australian Financial Services (AFS) licence or an Australian Credit licence from ASIC.'
- iv) The agreement between Authenticate BV and IMMO Servis Group s.r.o. ('IMMO') dated 6 June 2018, which was executed by an unnamed person with an illegible signature on behalf of IMMO ('IMMO Agreement').

ASX notes that:

- The IMMO Agreement includes the following statements:
 - (i) IMMO's address is in Prague in the Czech Republic.
 - (ii) *'Service Provider [Authenticate BV] is engaged in the business of payment services, which require project management, software development, configuration, deployment, and integration ("Services") for connectivity between third parties such as the Company [IMMO] and the Service Provider ...'*
 - (iii) *'The Company wishes to utilize the Services of the Service Provider in connection with the development and integration of certain software tools and APIs ...'*
 - (iv) *'The Service Provider shall act as development and support independent contractor and shall provide the Company with such Services for two brands hosted on two separate websites, as follow [sic]:*
 - a. License, Software, Services, Development, Integration & Maintenance.*
 - b. Technical support services.*
 - c. 6 months Software Support*
 - d. Training.'*
 - (v) **'Fees (ex VAT), Per Brand**
 - (a) Trading Platform License per agreed Specification – €421,100/each brand*
 - (b) Training - €2,500/brand*
 - (c) End Licensee Support (6 months) - €2,200 per calendar month/brand*
 - (d) CRM maintenance (6 months) - €2,200 per calendar month/brand'*
 - (vi) **'Terms**
 - 50% of Fees for (a), (b) and (c) due within 7 days of execution*
 - 25% Interim Progress Payment on install to servers*
 - 25% upon End User Licensee "Go Live"*
 - Maintenance and support fees for (d) and (e) due in advance, non refundable'*
 - (xi) **'Excluded Items**
 - ... Integration to iSignthis platform'*
 - (vii) **'Commitment: €450,000 (ex VAT), Per Brand**
 - Total Commitment: €900,000 (ex VAT), Per Brand'**
 - (xii) **'Framework:**
 - 1. *The Company's authorized representative, which will supervise, coordinate with, and instruct the Service Provider on the Company's behalf will be Mr._____[no name inserted] (the "Appointee"). The Service Provider will report directly to the Appointee.'*

(xiii) *'The Service Provider represents and warrants that Company will be the sole and exclusive owner of all Intellectual Property ...rights to Services and for any future Services that will be provided to Company by the Service Provider.'*

- Authenticate BV booked a total of €900,000 of revenue from IMMO in the month of June 2018 (and for the June 2018 quarter).
 - Based on the revenue figures provided in the Response, no revenue was booked from IMMO in the December 2018 half year by ISX or any ISX subsidiary.
- v) The agreement between ISXPAY and Nona Marketing Ltd ('Nona') dated 8 June 2018 for 'E-Money Account (EMA) for Client Payment Services' which was executed on behalf of Nona by its director, Jonathan Bibi ('Nona Agreement').

ASX notes that:

- The Nona Agreement states that Nona's address is *'Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands'* (the same address as FCorp).
- Nona would appear to be one of the two unnamed contracted clients for eMoney accounts referred to in ISX's announcement titled 'EMA Launch and First Contracts' released on MAP on 4 June 2018.
- ISXPAY did not book any revenue from Nona in June 2018.
- Authenticate BV booked a total of €252,500 of revenue from Nona in the month of April 2018 (and for the June 2018 half year).

ASX does not appear to have been provided with a copy of any agreement between Nona and Authenticate BV relating to the generation of this revenue.

- Based on the revenue figures provided in the Response, no revenue was booked from Nona in the December 2018 half year by ISX or any ISX subsidiary.
- ASIC's website includes an advisory page in relation to Nona at: <https://www.moneysmart.gov.au/scams/companies-you-should-not-deal-with/unlicensed-companies-list/n/nona-marketing-ltd>, which advises that Nona is also known as 'FTO Capital' and that:

'ASIC advises this company [Nona] could be involved in a scam. Do not deal with this business as it is unlicensed in Australia.'

The business listed below [Nona] has made unsolicited calls or sent emails about investing, financial advice, credit or loans and does not hold a current Australian Financial Services (AFS) licence or an Australian Credit licence from ASIC.'

- Various materials available on the internet regarding FTO Capital, including the following article from the *Herald-Sun*: <https://www.heraldsun.com.au/news/law-order/conmen-have-swindled-tens-of-thousands-of-dollars-from-victims-in-phone-scam/news-story/ffa893bf5acb96245647d9fc773de12f>.

ASX notes in relation to the agreements with the four customers above that:

- It appears that the agreements with the four customers were individually material to ISX's revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018.
- In total, the four customers accounted for €2,159,666 (approximately A\$3.5 million) of ISX's revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018. This

equates to approximately 63% and 55% of ISX's total revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018, respectively.

- It appears that none of the agreements with the four customers were disclosed to the market.
- By comparison, during the June 2018 half year, ISX made two stand-alone announcements regarding other customers which appear to have subsequently generated significantly less revenue than each of the four above mentioned customers (see ISX's announcement titled 'Gobbill inks deal with iSignthis for card processing and KYC' released on MAP on 5 June 2018, and ISX's announcement titled 'XM Chinese eKYC via Paydentity' released on MAP on 20 March 2018).
- By comparison, ISX included the following 11 customers on page 14 of its announcement titled 'Analyst Brief – August 2018' released on MAP on 3 August 2018, under the heading 'A diversified portfolio of global companies':



Notably none of the customers disclosed included the four customers mentioned above despite them accounting for more than half of ISX's revenue at the time.

- E. ISX's responses to:
- i) Question 2(b)(ii) of the Query Letter, which disclosed that revenue from 'Integration/Set up' in the month of June 2018 totalled \$26,860 (€17,500); and
 - ii) Question 2(c) of the Query Letter which disclosed that credit notes/refunds totalling €14,750 were issued to five of the six clients which generated 'Integration/Set up' revenue in the month of June 2018.
- F. ISX's response to Question 2(g) of the Query Letter, which disclosed that '5 customers terminated during 2018 and 2019' and that 'the 5 customers were all terminated by ISX'.
- G. ISX's response to Question 5(e) of the Query Letter, which disclosed that 23.5% of contracted service fees revenue for the June 2018 half year was derived from OT Capital.
- H. ISX's response to Question 9(b) of the Query Letter, which detailed the composition of annualised GPTV figures disclosed between January 2018 and September 2018.
- I. ISX's response to Question 12 of the Query Letter, which is reproduced below together with the questions (in bold):
- a) **'Please detail the announcement(s) which disclosed the (unresolved) 'third party functional and/or throughput limitations' referred in the 3 September 2018 Announcement.**
 - 31st March
 - 26th April

- 4th June
- 31st July

b) When did ISX first become aware of the 'KAB matter'?

ISX first became aware of the 'KAB matter', to a limited extent, on the 16th September 2018.

c) Given the 26 September 2018 Announcement disclosed that the KAB matter had already had an intermittent impact on processing, clearing and settlement during July and August and most of September 2018, please explain why this information was not released to the market prior to 26 September 2018, commenting specifically on when you believe ISX was obliged to release the information under listing rules 3.1 and 3.1A and what steps ISX took to ensure that the information was released promptly and without delay.

The intermittent issues were related to clearing and settlement of transactions being irregular in their timing and inconsistent between settlements. This created an uncertainty as to when funds would be cleared and available for distribution to ISEMEE's clients. The Danish Government's Finansielt Stabilitet confirmed in their various 2018 public reports that the KAB had solvency issues, which were likely the cause of the intermittent clearing and settlement issues affecting ISEMEE.

Intermittent issues were not deemed material as they occurred, and some degree of retrospectivity was required to determine the materiality. The issues were delays to processing inbound and outbound transactions, which were manageable and not material to revenue, and whilst affecting performance, were deemed at the time to be likely to be short term issues. Manageable operating inconveniences were not regarded as material to the price or value of ISX's shares and, in any event, the anticipated duration and effect of the processing delays were "insufficiently definite" within the meaning of Listing Rule 3.1A.1.

The KAB issues, ultimately meant ISX paused its eMoney services and slowed its card acquiring growth in Europe in the last quarter of 2018. The eMoney services were re-established subsequent to the Company being granted a central bank account, and it thus having independent control of its own activities.

d) Given the 26 September 2018 Announcement disclosed that the KAB matter had already had an intermittent impact on processing, clearing and settlement during July and August 2018, please explain why this information was not disclosed in 'matters subsequent to the end of the financial year' (or elsewhere) in the 30 June 2018 Accounts which were released on 29 August 2018.

The matter only became material, and only gave rise to the (transitory) possibility of significantly affecting future operations, in September 2018 as explained in section e) below.

e) Given the 26 September 2018 Announcement disclosed that KAB matter placed under the control of the Danish State administration company for banks on 13 September 2018, please explain why this information was not released to the market on 13/14 September 2018, commenting specifically on when you believe ISX was obliged to release the information under listing rules 3.1 and 3.1A and what steps ISX took to ensure that the information was released promptly and without delay.

On the 16th September 2018, Finansielt Stabilitet (FS) wrote to iSignthis eMoney Ltd (ISEMEE) and advised that it had assumed control of the KAB, that the bank would continue to operate as usual, and that : "The institution will continue its operations for now. You can therefore maintain your customer relationship with the institution."

There was correspondence between the 16th and 25th September 2019 between SEMEE and FS regarding efficient operations and the status of ISEMEE client funds held at the KAB. During that

time the likely duration and extent of impact of the external administration of the bank on ISX was unclear and until the end of that period was considered “insufficiently definite” within the meaning of Listing Rule 3.1A.1. The executive and board considered overnight correspondence, considered that an ASX announcement had become appropriate and prepared an announcement to the market on 25th September which addressed revenue impact and alternative arrangements ...’

- J. ISX’s Corporate Governance Statement released on MAP on 24 September 2018, which provided confirmation that ISX complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, which states:

‘The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.’

- K. ISX’s announcement titled ‘3Q2019 Update - Goldman Sachs Tech Day’ released on MAP on 24 October 2019, which included the following statement:

‘69% of our customers are in sectors that include general retail, video games, marketing, ecommerce etc.’

ASX notes that the statement above largely re-iterated one of ISX’s statements in response to Question 7 of ASX’s query letter dated 2 October 2019 (released together with ISX’s response on MAP on 11 October 2019), namely:

‘The balance of our customers, that is approximately 69%, were in sectors that include general e-commerce, online advertising and marketing, online video games, consulting services, travel and other services not required to be regulated.’

- L. Listing rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

- M. The definition of ‘aware’ in Chapter 19 of the Listing Rules, which states that:

‘an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity’ and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B ‘When does an entity become aware of information.’

- N. ASX’s policy position on the contents of announcements under Listing Rule 3.1, which is detailed in section 4.15 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

‘ASX would generally expect an announcement about the signing of a market sensitive contract with a customer to include information about:

- ***the name of the customer;***
- *the term of the contract;*
- *the nature of the products or services to be supplied to the customer;*
- ***the significance of the contract to the entity;***

- any material conditions that need to be satisfied before the customer becomes legally bound to proceed with the contract; and
- **any other material information relevant to assessing the impact of the contract on the price or value of the entity's securities ...** [Emphasis added]

O. Listing Rule 4.3A which states:

'Following the end of the financial year of an entity ... the entity (in the case of a trust, the responsible entity) must give ASX the information set out in Appendix 4E ... The information and the accounts upon which it is based must use the same accounting policies. The information must comply with all relevant accounting standards.'

P. Listing Rule 4.3D which states:

'Once an entity is or becomes aware of any circumstances which are likely to materially affect the results or other information contained in the preliminary final report given to ASX under listing rules 4.3 or 4.3A the entity must immediately give ASX an explanation of the circumstances and the effects the circumstances are expected to have on the entity's current or future financial performance or financial position.'

Q. Listing Rule 4.10.3 which includes the following statements:

'The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.'

ASX also notes the guidance provided in section 14 of ASX Guidance Note 9 regarding ASX's enforcement practices under Listing Rule 4.10.3.

R. Listing rule 12.5 which states:

'An entity's structure and operations must be appropriate for a listed entity.'

S. Listing rule 18.7 which states:

'An entity must give ASX any information, document or explanation that ASX asks for to enable it to be satisfied that the entity is, and has been, complying with the listing rules. The entity must do so within the time specified by ASX ...'

T. Listing rule 18.8 which states:

'An entity must comply with any requirement ASX imposes on it in order to ensure compliance with the listing rules.'

U. Listing Rule 19.11A, which states:

'19.11A If a listing rule requires an entity to give ASX accounts, the following rules apply.

...

- The accounts must be prepared to Australian accounting standards ...*
- If the listing rule requires audited accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor...*
- If the listing rule requires accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards ...'*

Questions and Request for Information

Having regard to the above, ASX asks ISX to respond separately to each of the following questions and requests for information.

1. Please provide a certified translation into English of the documents dated 9 July 2018 provided as part of the response to Question 1(a) of the Query Letter.
2. Please explain why ISX bills 'Identity as a service KYC' and 'Payment Gateway' together as a bundled service, and why it is unable to provide the revenue generated from these two services separately.
3. Please explain why ISX did not release the key terms of the following customer agreements to the market:
 - a) the Corp Destination Agreement;
 - b) the Second FCorp Agreement;
 - c) the IMMO Agreement; and
 - d) the agreement between Nona and Authenticate BV which generated €252,500 of revenue in April 2018 (as referred to in D v) above).
4. Were FCorp and Nona the two unnamed contracted clients for eMoney accounts referred to in ISX's announcement titled 'EMA Launch and First Contracts' released on MAP on 4 June 2018?

If the answer to this question is 'yes', please explain why ISX did not name FCorp and Nona as the counterparties to those agreements.

If the answer to this question is 'no', please identify the counterparties to the contracts in question and explain why ISX did not release the key terms of the First FCorp Agreement and the Nona Agreement to the market.
5. Please provide a copy of any agreement between Nona and Authenticate BV referred to in Question 3 d) above.
6. Please provide the name and job title or position of the person who signed:
 - a) the First FCorp Agreement on behalf of FCorp; and
 - b) the IMMO Agreement on behalf of IMMO.
7. Please provide a copy of the following (not for release to the market):
 - a) the invoices and remittance advices relating to the customers and revenue detailed in paragraph D above; and
 - b) the bank statements of ISX and its subsidiaries evidencing each of the payments received from the customers detailed in paragraph D above relating to the revenue detailed in paragraph D above, highlighting in those bank statements the payments in question.
8. Please provide specific details of the services that Authenticate Pty Ltd provided to Corp Destination in the June 2018 quarter including, if applicable, the number of KYC services provided and the number or amount of payment gateway services provided.
9. Please provide specific details of the 'Trading Platform Licenses' and the 'software tools and APIs' which were developed and integrated for:
 - a) FCorp under the Second FCorp Agreement; and
 - b) IMMO under the IMMO Agreement.

Your response should include the names of the brands and websites which host or hosted the 'Trading Platforms', and the products and/or services which are or were provided via the respective 'Trading Platforms' and state specifically when those 'Trading Platforms' were launched.

10. In which category or categories did ISX include the revenue booked for FCorp under the Second FCorp Agreement and for IMMO under the IMMO Agreement in its response to Questions 2(a)(ii) and 2(b)(ii) of the Query Letter? Please explain the rationale for this categorisation.
11. It appears that all of the revenue under the Second FCorp Agreement and the IMMO Agreement was booked in May 2018 and June 2018, notwithstanding the fact that both agreements involved the provision of *'license, software, services, development, integration & maintenance'*, *'technical support services'*, *'6 months software support'* and *'training'* for *'Trading Platforms'*.

Please explain why all of the revenue under the Second FCorp Agreement and the IMMO Agreement was booked in May 2018 and June 2018, specifically referencing the time frames during which the services were performed, the relevant accounting standards, and ISX's accounting policies for revenue recognition.

12. ASX notes that the Second FCorp Agreement and the IMMO Agreement accounted for €1,378,500 (approximately A\$2.2 million) of ISX's revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018. This equates to approximately 40% and 35% of ISX's total revenue for the half year ended 30 June 2018 and for the financial year ended 30 June 2018, respectively.

Did ISX disclose to the market that its activities had expanded to encompass the provision of 'Trading Platforms' and related services?

If the answer to this question is 'yes', please provide details of the disclosure.

If the answer to this question is 'no', please explain why ISX did not disclose to the market that its activities had expanded to encompass the provision of 'Trading Platforms' and related services.

13. Please describe the due diligence processes that ISX undertook before agreeing to provide any services to each of the following customers:
 - a) Corp Destination;
 - b) FCorp;
 - c) IMMO; and
 - d) Nona.
14. Please outline in detail the steps that ISX had to undertake to bring each of the following customers on board and a timeline for the completion of those steps:
 - a) Corp Destination;
 - b) FCorp under both the First FCorp Agreement and the Second FCorp Agreement;
 - c) IMMO; and
 - d) Nona under both the Nona Agreement and any agreement provided in response to Question 5 above.
15. Why did ISX issue credit notes/refunds totalling €14,750 to five of the six customers which generated 'Integration/Set up' revenue in the month of June 2018? When were these credit notes/refunds issued (please specify the dates)?

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16. The 4 June 2018 Announcement referred to *'the resolution of the supply side network technical issue'* and included statements in relation to the issue and its resolution. Subsequently, the 3 September 2018 Announcement referred to *'the previously reported third party functional and/or throughput limitations.'*

In light of the above:

- a) Please provide specific details of the 'technical issue' referred to in the 4 June 2018 Announcement.
 - b) Were any 'technical issues' unresolved at this juncture (4 June 2018)? If the answer to this question is 'yes', please provide specific details of the unresolved 'technical issues' and state where and when they were disclosed to the market or, if they were not disclosed, why not.
 - c) Please provide specific details of the *'third party functional and/or throughput limitations'* referred in the 3 September 2018 Announcement.
 - d) Please provide a copy of any incident reports or root cause analysis undertaken by ISX's information technology personnel concerning the 'technical issue' referred to in the 4 June 2018 Announcement and the *'third party functional and/or throughput limitations'* referred in the 3 September 2018 Announcement. If there are no such incident reports or root cause analysis, please explain why not.
17. Please provide full details of the intermittent impact that the 'KAB matter' had on processing, clearing and settlement during July 2018, August 2018 and September 2018, specifically referencing the number and value of transactions which were impacted during (a) July 2018, (b) August 2018, and (c) September 2018.
18. Is there any connection between the credit notes/refunds ISX issued totalling €14,750 to five of the six customers which generated 'Integration/Set up' revenue in the month of June 2018 and:
- a) the 'technical issue' referred to in the 4 June 2018 Announcement?
 - b) the *'third party functional and/or throughput limitations'* referred in the 3 September 2018 Announcement?
 - c) the 'KAB matter'?

If so, please explain that connection.

19. ASX notes that there was a dramatic decline in ISX's contracted service fees revenue in:
- the September 2018 quarter compared to the June 2018 quarter (i.e. down \$3,092,858 from \$3,504,671 in the June 2018 quarter to \$411,813 in the September 2018 quarter); and
 - the December 2018 half year compared to the June 2018 half year (i.e. down \$3,912,964 from \$5,002,479 in the June 2018 half year to \$1,089,515 in the December 2018 half year).

In ISX's opinion, to what extent was this dramatic decline in contracted service fee revenue attributable to:

- a) the 'technical issue' referred to in the 4 June 2018 Announcement?
 - b) the *'third party functional and/or throughput limitations'* referred in the 3 September 2018 Announcement?
 - c) the 'KAB matter'?
20. To the extent that any of the matters referred to in Questions 19 a), b) or c) above had a material impact on ISX's contracted service fee revenue, why was that fact not disclosed by ISX to the market prior to the 26 September 2018 Announcement?

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21. If none of the matters referred to in Questions 19 a), b) or c) above had a material impact on ISX's contracted service fee revenue, what was the cause of the dramatic decline in ISX's contracted service fee revenue referenced in Question 19 (other than the loss of revenue from OT Capital) and why was it not disclosed to the market at the time?
 22. Why didn't ISX disclose the magnitude of revenue derived from OT Capital in the June 2018 half year and/or the magnitude of the impact of the cessation of this revenue stream to the market in or around March 2018?
 23. The revenue generated from the customers detailed in paragraph D above appears to have been predominantly 'non-recurring' in nature and this appears to ASX to be one of the primary reasons for the dramatic decline in ISX's contracted service fee revenue referenced in Question 19.

In light of this, why didn't ISX disclose to the market that the revenue received from the customers detailed in paragraph D above was predominantly non-recurring and that this was a key reason for the decline in its revenue for the September 2018 quarter and for the December 2018 half year?

24. ASX notes that ISX's response to Question 2(f) of the Query Letter included a termination letter from a customer dated 4 December 2018. However, this customer does not appear to have been included in the list provided in response to Question 2(g)(iv) of the Query Letter.

In light of the above:

- a) Were any other customer agreements terminated during 2018 and 2019 to date? If so, please provide details.
 - b) During 2018 and 2019 to date, did ISX cease to generate revenue from any other customer agreements which were not formally terminated (for instance, where the customer ceased to operate or ceased using ISX's services without formally terminating the agreement)? If so, please provide details.
25. Please update the table provided in response to Question 9(b) of the Query Letter to include the GPTV and revenue that was subsequently generated by each of the customers in 2018 and in 2019 to date.
 26. Did any individual customer generate more than 10% of ISX's revenue in the 9 months to 30 September 2019?

If the answer to this question is 'yes':

- a) Has ISX disclosed the key terms of the relevant agreement(s) with that customer to the market? If so, please provide details of this disclosure.
 - b) If the answer to a) above is 'no', please explain why ISX has not disclosed the key terms of the relevant customer agreement(s) to the market.
 - c) Please provide a copy of each relevant agreement (not for release to the market).
27. Please confirm that ISX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 28. Please confirm that ISX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ISX with delegated authority from the board to respond to ASX on disclosure matters.

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and ISX's response to the market. Accordingly, ISX's response should address each question separately and be in a format suitable for release to the market.

Please also note that once ASX has received and analysed the information above, it is possible that ASX will need to make further enquiries of ISX to satisfy itself that ISX is and has been complying with the Listing Rules, including in particular Listing Rules 3.1, 4.3A, 4.3D, 4.10.3, 12.5 and 19.11A.

For completeness, ASX would note that issues have been raised in relation to ISX's compliance with Listing Rules 3.19A and 3.19B, in relation to which ASX has yet to raise any queries. ASX reserves the right to raise those queries in due course.

The basis for this request

The request for information in this letter is made pursuant to Listing Rule 18.7, which requires ISX to give to ASX any information, document or explanation that ASX asks for to enable it to be satisfied that ISX is, and has been, complying with the Listing Rules. In particular, ASX is seeking to determine whether it is satisfied that ISX is, and has, been complying with Listing Rules 3.1, 4.3A, 4.3D, 4.10.3, 12.5 and 19.11A in relation to the matters identified in this letter. Further, ASX is seeking to determine whether the revenue milestones pertaining to the performance shares detailed in paragraph W vi) of the Query Letter were validly satisfied and, if they were not, whether ISX breached Listing Rules 7.1 and 10.11 by issuing shares in purported satisfaction of the rights under the performance shares.

ISX is obliged to comply with ASX's request for information under its listing agreement with ASX and also under section 793C of the Corporations Act.

Should ISX fail to provide the requested information, it will be in breach of the Listing Rules, giving ASX an additional basis under Listing Rule 17.3.1 to continue ISX's current suspension and a basis under Listing Rule 17.12 to remove ISX from the ASX official list.

Noting that ISX's shares are already suspended, if ISX fails to provide an adequate response to this letter, ASX specifically reserves the right to remove ISX from the ASX official list.

We would also take this opportunity to remind you and the directors of ISX that an officer or employee of an entity who gives, or authorises or permits the giving of, materially false or misleading¹ information to ASX under the Listing Rules:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by 5 years jail and/or a fine of up to 600 penalty units; or
- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by 2 years jail and/or a fine of up to 240 penalty units.

Depending on the circumstances, the making of a false or misleading statement to ASX may also breach section 1041E (knowingly or carelessly making a false or misleading statement that is likely to induce persons to acquire or dispose of financial products or to have the effect of increasing, reducing, maintaining or stabilising the price for trading in financial products on a financial market) or 1041F (inducing another person to deal in financial products by knowingly or recklessly making a statement that is false or misleading) of the Corporations Act. These are very serious criminal offences, punishable:

- in the case of an individual, by up to 15 years' jail and/or a fine of up to the greater of: (a) 4,500 penalty units; or (b) if the court can determine the amount of the benefit derived and detriment avoided because of the offence, 3 times that amount; and
- in the case of a body corporate, a fine of up to the greatest of: (a) 45,000 penalty units; or (b) if the court can determine the amount of the benefit derived and detriment avoided because of the offence, 3 times

¹ This includes omitting material which renders the information given to ASX misleading in a material respect.

that amount; or (c) 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence.

When and where to send your response

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **9.00am AEDT on Friday, 15 November 2019**. However, please contact me if you require additional time to respond.

Any response should be sent to me by return email. It should not be sent to the ASX Market Announcements Office.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ISX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 Continuous Disclosure: Listing Rules 3.1-3.1B. It should be noted that ISX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Enquiries

If you have any queries regarding any of the above, please contact me.

Yours sincerely,

James Gerraty
Senior Manager, Listings Compliance (Melbourne)