

ClearPay + Probanx Agreement



27th February 2020

<http://www.clearpay.systems>



EEA Authorised
EMI #115.1.3.17



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FRANKFURT

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PRINCIPAL
MEMBER:



Diners Club
INTERNATIONAL

DISCOVER®

AGGREGATION
PARTNER:



iSignthis Ltd (ASX : ISX | FRA : TA8)

iSignthis is an ASX300 RegTech that provides services to banks, credit unions, FI's, exchanges and PSP's. We build and license technology stacks for payments, banking, and trading exchanges, as well as hold licenses to provide regulated services to business and consumers.

As an EEA authorised Monetary Financial Institution, we provide payments processing, issuance of electronic money, IBAN addressable stored value accounts and KYCC identity verification services.

iSignthis expects to shortly offer card acquiring services in Australia as a principal licensee of the major schemes, under the Reserve Bank of Australia's card access regime. It will also shortly (subject to ASIC and APRA licensing) provide "stored value" electronic money services to the Australian public as an authorised deposit taking institution and also offer custodial & depositary services.

iSignthis will own 12.96% of the National Stock Exchange of Australia (NSXA), and will develop a DvP facility for the NSXA known as ClearPay. ISX is a direct competitor of the ASX's KYC and DLT Services, and the ASX's wholly owned Clearing and Settlement Facility, Austraclear, through its Joint Venture Vehicle ClearPay Pty Ltd.

iSignthis operates a sophisticated & patented real time anti-money laundering and anti-fraud system that also provides transactional security to business and retail customers. It includes PEP, sanction and law enforcement screening in real time against transactions.

iSignthis' inhouse developed ISXPay®, Payidentity™, Probanx® CorePlus and CoreConnect platforms allow us to deliver services to customers, with more than 25 other deposit taking institutions relying on our technologies globally.

Probanx || ClearPay Platform Agreement

Probanx Solutions Ltd and ClearPay Pty Ltd enter into agreement valued at \$4.5m, to deliver services in circa 24 months.

Services include a DLT based Delivery versus Payment (DvP) platform, integrated with payments and identity verification.

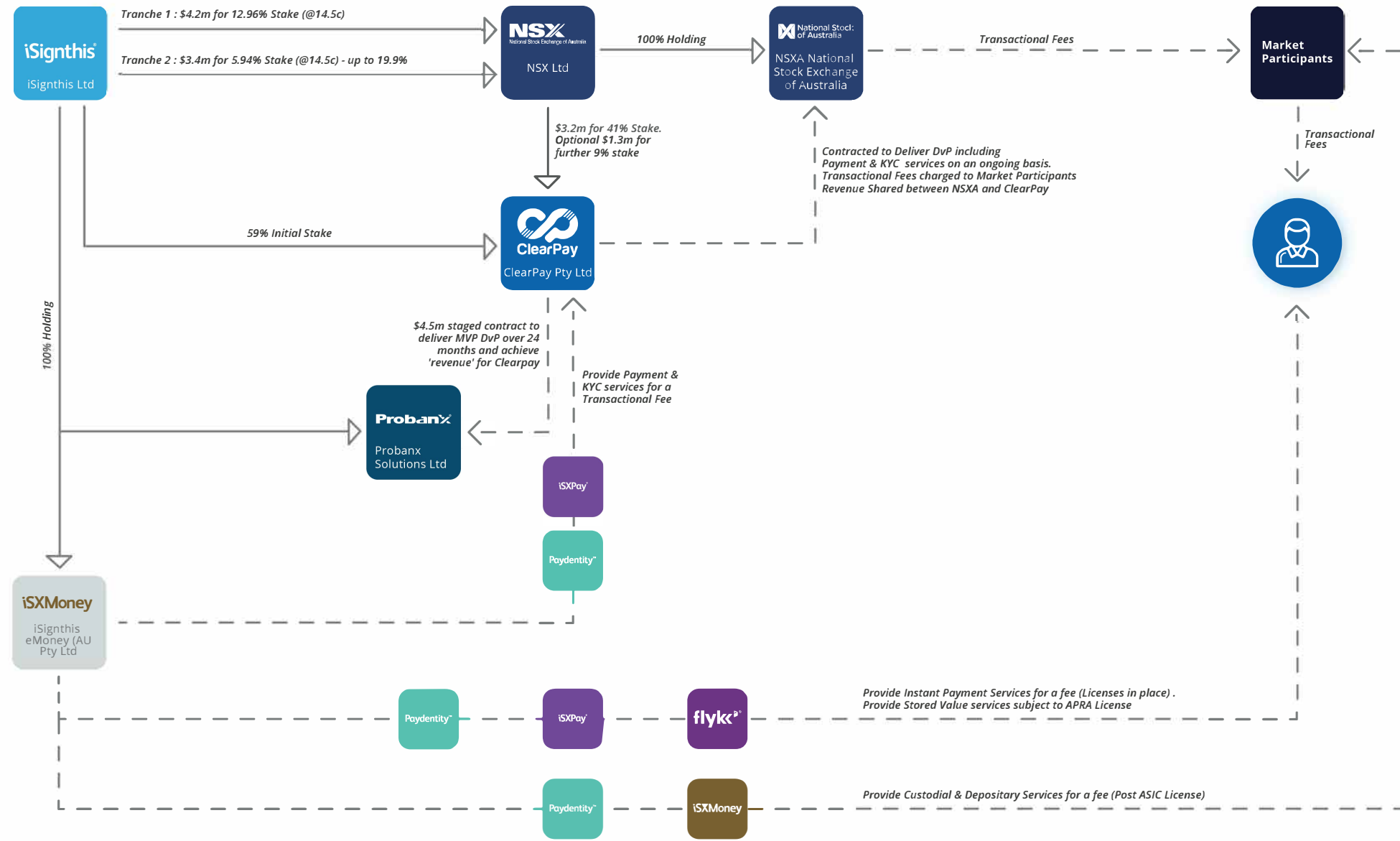
iSignthis eMoney (AU) Pty Ltd, iSignthis eMoney Ltd (CY) and iSignthis UK Ltd (ISXPay®) to deliver Payidentity™ and various card and e-Money services to ClearPay, across supported currencies.

Subject to Australian licensing, ISXPay® to offer Participants custodial and depositary services (ISX.money), and retail End Users, Flykk® stored value services.

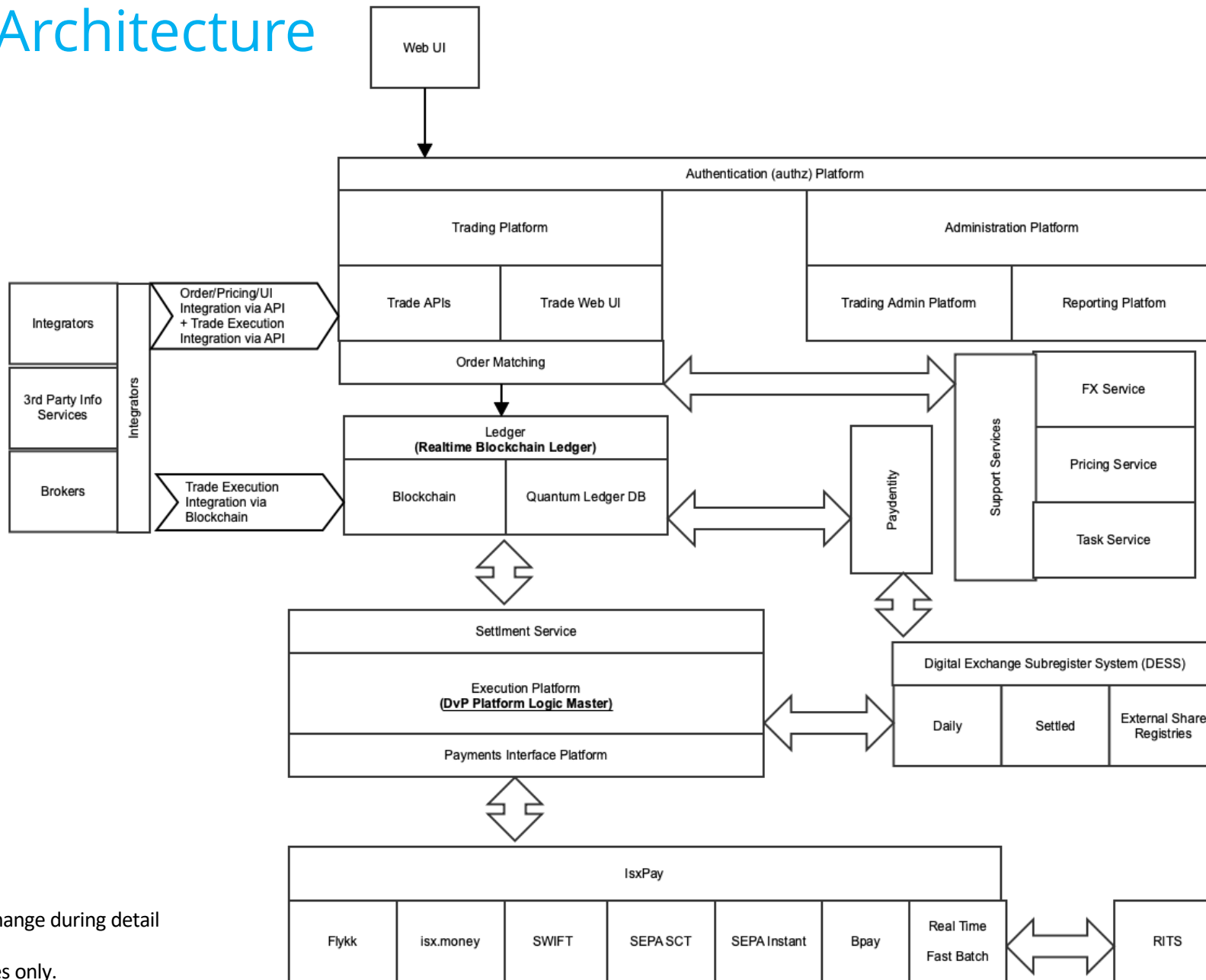
Agreement provides for ClearPay to make payment to Probanx® upon attainment of 13 discrete milestones.

ClearPay to operate and leverage DvP platform for NSXA, as well as for other market operators, subject to commercial agreements and licensing.

ClearPay will provide the necessary platform to enable mass scaling of NSXA and automation, as well as provide distinct advantages to NSXA over the proposed ASX DLT platform.



DLT Architecture



Note : subject to change during detail design.
Illustrative purposes only.

ClearPay DvP : Objective

Objective : To develop a DvP Platform suitable for the NSXA utilising Java on a Linux based cloud environment, secured to PCI DSS, ISO27001 and APRA CPS234 standards, as well as in compliance with other relevant and appropriate quality standards reasonably agreed by the Developer.

“DvP - The process of clearing and settling a securities or digital asset trade, which includes a number of key steps, including the matching of the terms of the trade, the calculation of the obligations of the counterparties as a consequence of matched trades (clearance), the discharge of those obligations (settlement) through the final transfer of securities (delivery) and the final transfer of funds (payment). ”

DvP Platform shall allow for assets to be digitised real world assets such as securities (book entry), futures, CFD's, and fungible digital assets (Stage 1) or non-fungible digital, with NSXA as the central authority.

The DvP Platform shall be an hybrid BIS Model 1 and in future support Model 3, API based, near real time, multilateral (Participant) net, bilateral gross (retail End User), multicurrency, “lit” exchange, with distributed blockchain ledger to allow for credit (contra debit account), Management of Participants and End Users, and real time matching against known End Users.

BIS Model 1: systems that settle transfer instructions for both securities and funds on a trade-by-trade (gross) basis, with final (unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment);

BIS Model 3: systems that settle transfer instructions for both securities and funds on a net basis, with final transfers of both securities and funds occurring at the end of the processing cycle.

ClearPay DvP : Scope Outline

Implement BIS Model 1 (Stage 1) with contra debit facility or credit facilities for approved participants. At a later post Operation Date stage, implement Stage 2 as prioritised by NSXA or other customers.

Participants and/or End Users deposit funds into an ISX.money and Flykk account respectively

Participants may be required to deposit funds and/or may be offered intraday credit, or both.

DvP Platform will maintain a real time running virtual intraday ledger for each non-retail Participant of i) buy value versus ii) sell value plus deposit value (or preapproved credit limit for wholesale).

Where a Participant is in overdraft, system will not match the buy order until the Participant within their credit (or advance) limit, with each further sell orders positively contributing to their ledger balance, and each buy order negatively contributing to their ledger balance. Multiple bilateral settlements during the day will allow for adjustment of position if intra-settlement credit not extended.

Ledger shall be update in real-time using actual matched trade/order values.

Where a Participant is beyond credit (or advance) limits, orders can in that time be matched by other Participants or queued until the requesting participant is back in the “black” on the virtual ledger.

Net multilateral Participant settlement once per day, to take into account EU trading window (say 5am for previous day).

Direct retail end users will maintain a positive gross position at all times, per trade.

End Users may use FPS, SEPA Instant and debit cards for instant trading, or, a Flykk balance.

ClearPay Overview & Revenue Generation

ClearPay and NSXA will revenue share 50/50 the following fees charged to Participants and/or End Users:

- Trade matching fee,
- Settlement fee (after deducting cost of ISXPay fees)
- Reporting fees
- Customer Due Diligence Fee (after deducting Payidentity fee)
- Other transactional fees

NSXA shall retain all fees charged to the listed entity and non transactional fees

ClearPay shall retain all fees related to integration or setup of Participants.

ClearPay profits may be subject to dividend or retained to fund international growth.

ClearPay Advantages

- Provides a platform for digital and digitised asset exchange, including fractional asset trading
- T+0 DvP facilities, providing end users with same day access to their asset
- Fully lit exchange, eliminating dark-pools and high frequency traders, and mitigating money laundering concerns.
- Multi-currency participant settlements– not restricted to \$AUD only. Will also include € EUROS at launch, with £GBP and \$CAD to follow shortly.
- Retail end users may open Participating broker account using Paydentity™ within minutes, and fund via ISXPay® SEPA instant, debit card payments, or Flykk account. UK FPS to follow.
- Platform designed for exchanges globally, with industry standard blockchain and open access to participants and share registry services.
- Real time risk management of Participant position with multiple bi-lateral settlements per day, to allow for cash versus credit management of accounts.
- The DvP platform presents ClearPay with global opportunities.



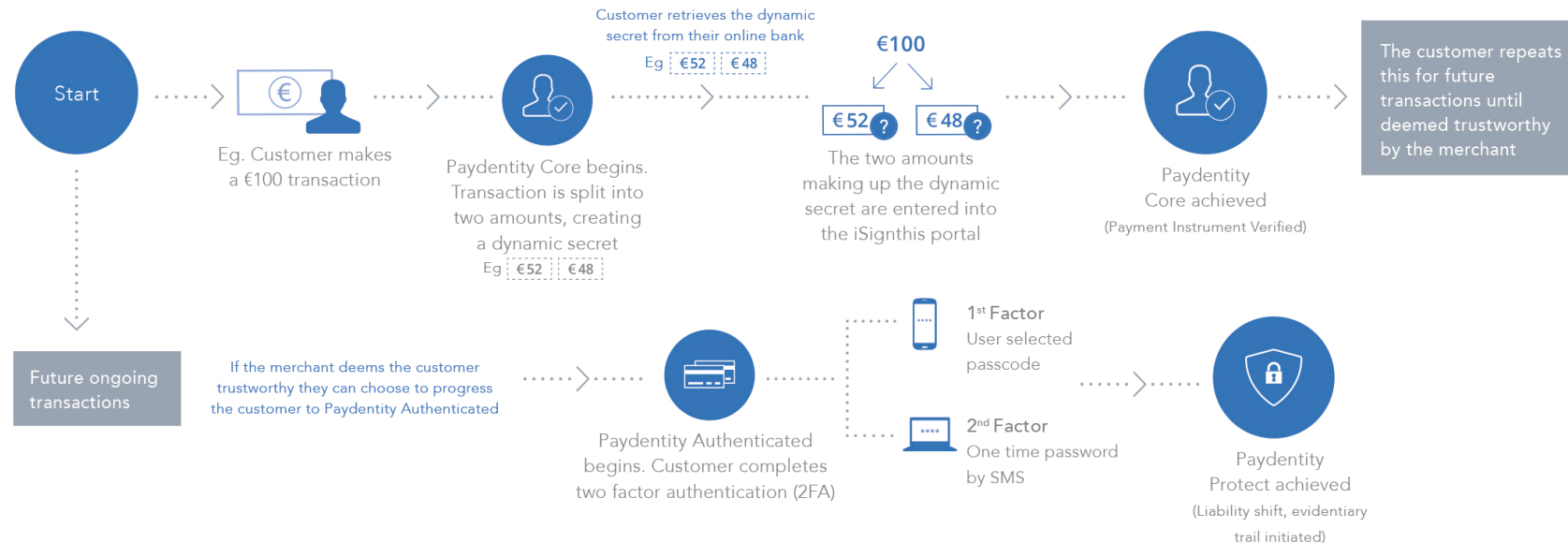
Global Anticrime capabilities :
KYCC coupled with real time transactional
monitoring delivering sophisticated AML,
Anti-crime and Anti-fraud Capabilities

Patented Processes incorporated into *Customer Due Diligence* and our Regtech platforms

Compliance with stringent AML requirements is the core of the iSignthis business.

We hold a number of patents in remote customer due diligence technologies, that allow us to take a real time, risk based approach to remote onboarding and online transaction monitoring. A number of our regulated customers (including EU and HK banks) rely upon our platforms for Core Banking, interbank networking and AML monitoring.

Our technologies then interface with world leading law enforcement, sanctions and PEP databases provided by Lexis Nexis and Dow Jones.



Patented Payment Instrument Verification & Identity Verification

UK's JMLSG Guidance Part I

5.3.89

Where identity is verified electronically, copy documents are used, or the customer is not physically present, a firm should apply an additional verification check to manage the risk of impersonation fraud. In this regard, firms should consider:

- verifying with the customer additional aspects of his identity (or biometric data) which are held electronically; or
- requesting the applicant to confirm a secret code or PIN, or biometric factor, that links him/her incontrovertibly to the claimed electronic/digital identity – such codes, PINs or other secret data may be set up within the electronic/digital identity, or may be supplied to a verified mobile phone, or through a verified bank account, on a one-time basis, or
- following the guidance in paragraph 5.3.90.

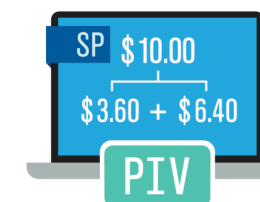
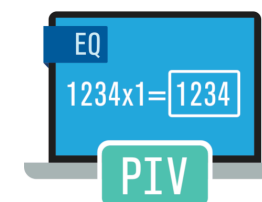
iSignthis US and EPO Patents

Example:

Bank Statement	
Details	Debit
Merchant name 1234x1=?	€10.00

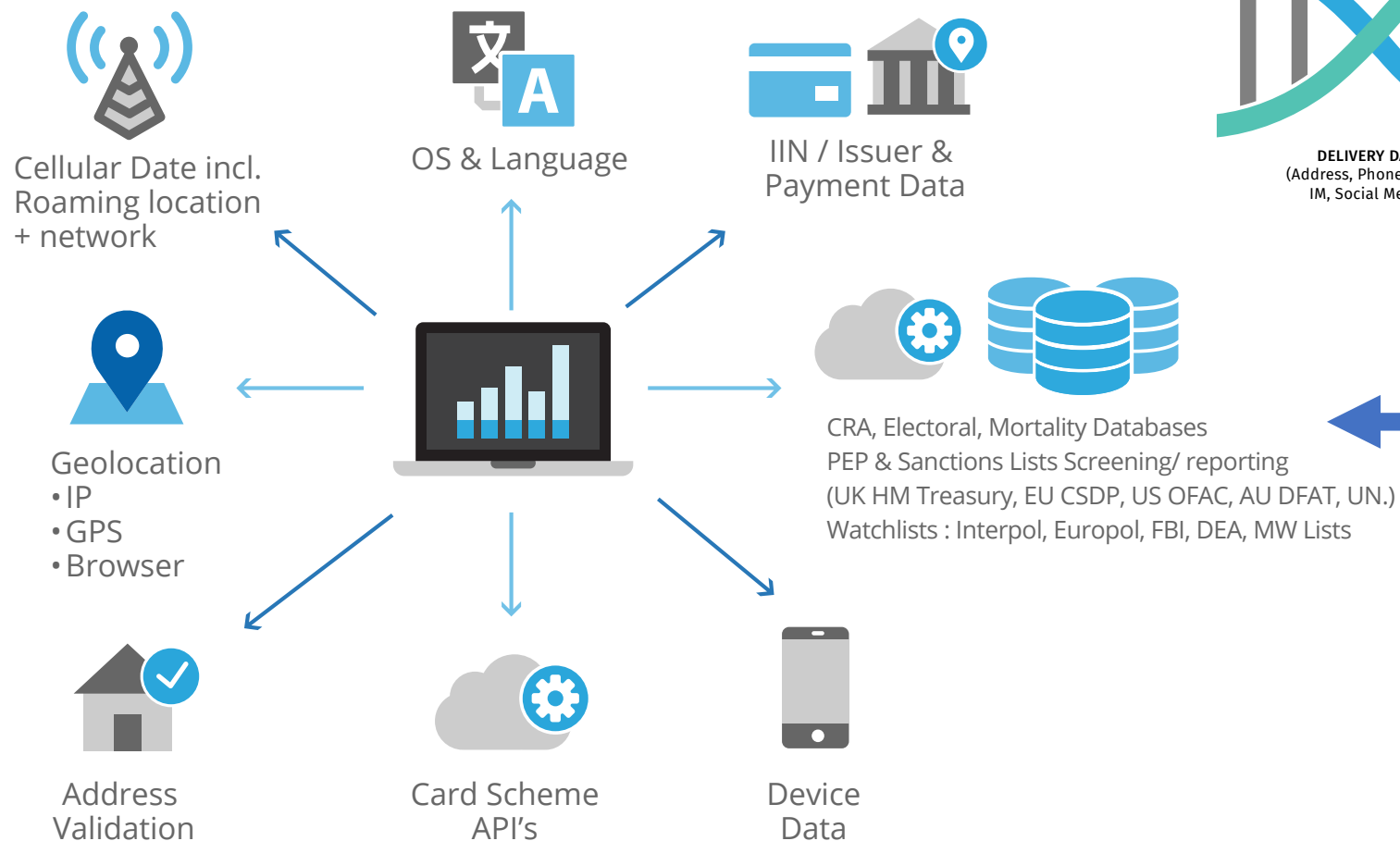
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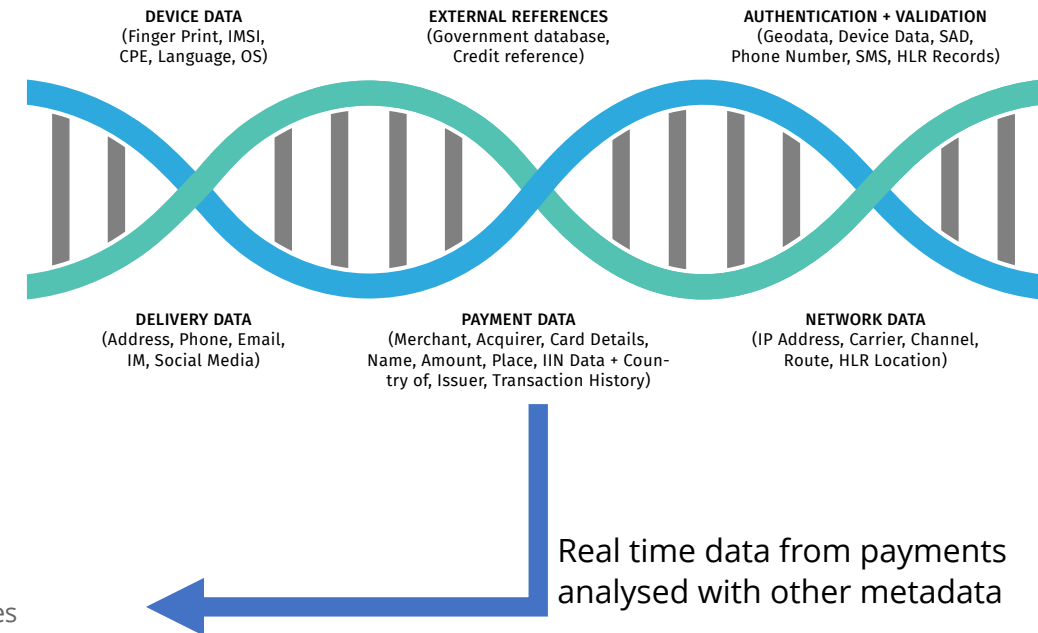


See <https://register.epo.org/application?number=EP11761840> for granted patent example

Real Time Analytics – Screening and Reporting



DNA of a 'Real time' Electronic Payment Message





Thank you

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Authorised by the MD and Co Sec of ISX

