

Market Announcement

25 May 2020

iSignthis Limited (ASX: ISX) ASX query letter and ISX's responses

This announcement is published by ASX Limited ('ASX'), a licensed market operator, in the performance of its obligations under the Corporations Act 2001 (Cth) and its powers, functions and obligations under the ASX listing rules. It is intended to ensure that the ASX market operates in a fair, orderly and transparent way.

In the interests of an informed market, ASX is releasing a copy of ASX's letter to ISX dated 7 May 2020 ('Query Letter') – see attached – and related correspondence set out below.

The Query Letter was sent to ISX under listing rule 18.7, which provides:

'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 ...'

The purpose of the Query Letter was to enable ASX to be satisfied that ISX had complied with its disclosure obligations under listing rule 3.1 in relation to (among other matters) the matters set out under the heading 'Background' below.

ISX has provided three unsatisfactory responses to the Query Letter and consequently ISX is in breach of listing rule 18.7. This ongoing breach will act as a further impediment to the reinstatement of ISX's shares to quotation on ASX.

Background

The Query Letter sought further information from ISX in relation to (among other things) disclosures ISX had made:

- in an announcement titled 'Operational Update' released to the market on 20 March 2020 that it was 'expecting audit results in early April from Visa Inc with regards to access to product'; and
- in its Appendix 4C for the March 2020 quarter released to the market on 29 April 2020 that:
 - 'Processing to merchants across the Visa network was also suspended for parts of March pending response to Visa re queries on ASX "investigation", concerns re "derogatory media" and the focus on high risk merchants'; and
 - ISX 'failed to process transactions across a number of card schemes as a consequence of either the scheme itself being technically or commercially un-responsive, arrangements with the schemes being subject to further commercial or due diligence requirements, or the Company itself changing its systems without taking into consideration the impact on the scheme. By way of example, our PCI DSS certification, despite having been successfully audited and submitted to the relevant scheme on time, was not updated by one of the card schemes, leading to suspension of some processing services'.

It also sought further information from ISX in relation to a notation in Visa's Global Registry of Service Providers¹ showing the current status of ISX's subsidiary, iSignthis eMoney Ltd, as 'SUSPENDED BY AML'.

These matters were addressed in questions 1 -7 in the Query Letter.

¹ Produced by searching for iSignthis eMoney Ltd via Visa's webpage located at: <https://www.visa.com/splisting/searchGrsp.do>.

ASX set ISX a deadline to respond to the Query Letter of 9.30am AEST on Friday, 15 May 2020. ASX also required ISX's response to be 'in a format suitable for release to the market' and expressly reserved ASX's right under listing rule 18.7A to release the Query Letter and ISX's response to the market.

ISX's initial response to the Query Letter

On Wednesday 13 May 2020 at 1.08pm AEST, ISX's Managing Director and Chief Executive Officer sent an email attaching a letter to ASX purporting to respond to the Query Letter. In response to questions 1 - 7 in the Query Letter, ISX stated in its letter:

'I refer to your Query Letter dated 7 May 2020 which was emailed to ISX at 10.42pm that Thursday night.

You have asked 44 questions and sub questions about card schemes used by ISX and one question about ISX customers in the "online video gaming industry segment" (as defined by ASX).

You have also asked whether ISX is complying with the Listing Rules.

In respect of that question, the answer is yes, subject to one exception. That exception is that ISX has not yet corrected for the market the errors in ASX's Statement of Reasons published via the MAP on 30 April 2020. ISX has sought to do so, by twice lodging with ASX an announcement entitled iSignthis' official response to ASX's Statement of Reasons, however ASX has refused to publish that response on the Market Announcement Platform (MAP) for close to two weeks now. Numerous media articles have been run without ISX having had the benefit of informing the market or journalists of its position via the MAP.

Questions 1 to 7

In respect of card schemes, ISX group members are members of 6 card schemes which are among approximately 14 payment methods available within the group to our customers. No one card acquiring or incoming payment method is material to the price or value of ISX's shares, as revenues are sourced through ISX processing the different methods, with consumers utilising the means presented to make payments.

Further, it is common and the usual practice for banks and financial institutions to be aligned closely with a single major card scheme as soon as card issuing begins to take precedence over card acquiring.

The Company's regulated electronic money licensing allows for both issuing and acquiring activities.

In respect of Visa Inc, ISX is currently in negotiation with Visa about the continuation or termination and the terms of such continuation/termination of ISX's principal membership of the scheme. It is likely that the relationship will terminate in 120 days. The ASX making queries and demanding a very detailed response during a negotiation and a probable dispute resolution process is not helpful to the Company in achieving a positive outcome. The ASX must know that the effect of this line of detailed questioning being released to market would only be detrimental to the Company's position, and, if it does not, it is hereby put on notice.

This is an incomplete negotiation and is not one that would be ordinarily conducted in public, nor would any reasonable person expect it to be.

You can be assured that ISX will make an announcement at the conclusion of the process.

I note that under ASX's own Guidance Notes 8 and 16 (including, without limitation, paragraphs [4.6], [4.20] and [4.23] of GN 8) ASX has previously recognised the need to be practical in these circumstances. ASX should also take comfort from the imminent examination of ISX's disclosure practices to be undertaken by the independent expert as directed by ASX on 1 May 2020.

Question 8

In respect of online video gaming customers, the answer is that one customer has marginally exceeded 10% in (and only in) the first 3 months of 2020 but is below 10% in any 12-month period that encompasses that quarter. Further, that customer contributed less than 10% of revenue in April and is expected to contribute less than 10% of revenues in the next quarter. On that basis it is not a material customer. As we offer regulated payment services to these customers, the ASX already has the standard form of our agreement for such services.

Question 9

A revised 4C has been placed on the Market Announcement Platform.

Question 10

The Company confirms that it is in compliance with its continuous disclosure obligations, except as noted above.

Question 11

This response has been approved by the Managing Director (undersigned), the Chairman (Mr Tim Hart) and the CFO (Ms Elizabeth Warrell) of iSignthis Ltd.'

ASX's response to ISX's initial response to the Query Letter

On Thursday 14 May 2020 at 7.20pm AEST, ASX sent an email to ISX's Managing Director and Chief Executive Officer advising as follows:

'Thank you for your email below. ASX responds as follows.

Response to Query Letter

ISX's response to ASX's query letter dated 7 May 2020 is not acceptable.

ASX's query was made pursuant to listing rule 18.7, which provides:

'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 ...'

ISX cannot refuse to provide information requested by ASX under listing rule 18.7 on the basis that ISX considers the information asked for in ASX's query letter to be the subject of an 'incomplete negotiation'.

*ISX's reference to an 'incomplete negotiation' invokes listing rule 3.1A, which provides an exception to the requirement for immediate disclosure of market sensitive information under listing rule 3.1 if **all three** of the following requirements are met [emphasis added]:*

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an **incomplete proposal or negotiation**;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity;*
or
- The information is a trade secret; and*

3.1A.2 The **information is confidential** and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A **reasonable person would not expect the information to be disclosed**.

Listing rule 3.1A plainly is not applicable in this case for the following reasons:

- Most of ASX's queries relate to Visa's suspension of ISX as a service provider on the Visa network. As ASX understands the position based on ISX's disclosures to date, the Visa suspension is not an incomplete negotiation – it has already occurred.
- The Visa suspension is not confidential – it has been disclosed by ISX itself (although ISX has not given details of when the suspension started, what services were suspended, why the suspension was imposed or how long it will last). It has also been disclosed on Visa's global registry of service providers.
- Finally, in the circumstances of this matter, ASX considers that a reasonable person would expect ISX, as a payment services provider that has been suspended by one of the major global card systems possibly because of concerns related to money laundering, to make proper disclosure of the suspension and the circumstances surrounding it.
- Even if listing rule 3.1A did apply, it only provides an exception to ISX's obligations under listing rule 3.1, not to listing rule 18.7.

ASX expects ISX to provide a detailed and considered response to ASX's query letter. Given the time that has already lapsed, ASX will give ISX an extension of time to 9.30am AEST on Wednesday, 20 May 2020 to provide such a response.

If ISX does not provide a detailed and considered response to ASX's query letter by that extended deadline, ASX will regard that as a serious breach of the listing rules, compounding the other serious breaches of the listing rules set out in ASX's Statement of Reasons that ASX has found ISX to have committed. In those circumstances, please be on notice that ASX will give serious consideration to whether ASX should issue a show cause letter to ISX as to why it should not be removed from the official list under Listing Rule 17.12 for breach of, and unwillingness to comply with, the listing rules.

Updated Appendix 4C

The revision that has been made to item 6.1 in ISX's Appendix 4C for the quarter ending 31 March 2020 is incomplete and not acceptable for lodgement on MAP. As the note to items 6.1 and 6.2 of the Appendix 4C states: 'if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments'. This note reflects the requirement in listing rule 4.7C.3 for an entity to include in its quarterly activity report 'a description of, and explanation for, any payments to, or to an associate of, a related party of the entity included in its Appendix 4C for the quarter'.

Kindly update the activities report at the front of ISX's Appendix 4C for the quarter ending 31 March 2020 to include the required description and explanation of the \$144,000 of payments in item 6.1 of the Appendix 4C and then re-lodge the document with a cover letter explaining that it has been updated at the request of ASX to comply with listing rule 4.7C.3.

Other matters

ASX reserves the right to release a copy of this email to the market under listing rule 18.7A.'

ISX's second response to the Query Letter

On Wednesday 20 May 2020 at 9.10am AEST, ISX's Managing Director and Chief Executive Officer sent an email to ASX, plainly not in a format suitable for release to the market, providing the following response to the Query Letter:

'We acknowledge your email and responds as follows.

Your email is not acceptable. It either deliberately misrepresents the issues and circumstances outlined in my email or it exhibits a fundamental lack of comprehension. ...²

The following is a detailed and considered response to both your query letter and to your most recent in a series of patronising emails.

My email made no mention of Listing Rule 3.1A. ISX is very familiar with its provisions, and it was entirely unnecessary to quote it in full, other than to lengthen and underscore the tone of your email. Listing Rule 3.1A has no application in the current circumstances and ISX is not seeking to reply [sic] on it. In case you are not aware, Listing Rule 3.1A has no application unless Listing Rule 3.1 would otherwise apply.

ISX made the point that the availability or use of any one card scheme is not material to the price or value of ISX's shares. On that basis there is no issue under Listing Rule 3.1. ASX would not be issuing a query letter to Westpac, CBA, EML, Tyro or Afterpay if there were possible changes to the mix of cards used in their businesses; it likewise has no legitimate purpose in doing so for ISX.

Your reference to 'money laundering concerns' in correspondence that you propose to publicly release on your Market Announcements Platform is an outrageous abuse of ASX's powers. This is not your first attempt to publish references to ISX being associated with money laundering. You have not at any stage provided any evidence of that unfounded proposition - you have no such evidence. ISX conducts a business which assists other businesses that are subject to AML obligations to meet their obligations. ISX is not in any way involved in money laundering. Any such suggestion is a gross and actionable misrepresentation and ISX will not hesitate to take all steps to defend its reputation. I require that you immediately withdraw that imputation, apologise and undertake not to repeat or publish it.

I also note that apart from not issuing query letters to a multitude of listed companies that deal with credit cards, ASX has not issued query letters about money laundering concerns to the variety of ASX listed companies that were or are subject to investigation by AUSTRAC, or are currently subject to civil penalty proceedings for money laundering concerns. Unlike many other ASX listed entities, ISX is not subject to investigation or regulatory action by AUSTRAC or any other anti-money laundering regulator.

For the avoidance of doubt, ISX has not as yet 'processed' in Australia as a principal under the Visa scheme. Two things flow from that – the first is that Visa principal membership cannot be material to our share price. The second is that where ISX did historically contract entities, and in particular those whose AFSs were withdrawn by ASIC in 2018, ISX was simply an electronic processing agent for NAB and the card acquiring, settlement, and anti-money laundering responsibility rested entirely with NAB. Imputations based on media articles are misconceived and should have been directed to the NAB as to the 'quality' of these clients.

The ASX's pursuit of this line of questioning, particularly when Listing Rule 3.1 does not apply, represents a misuse of ASX's Australian Market Licence, and appears in our view to have a malicious intent.

Consequently, you have no power under Listing Rule 18.7, because there is no issue of non-compliance with the Listing Rules.

ISX has confirmed to you that it is compliant with the Listing Rules, except insofar as it has been unable to correct the misinformation in the market arising from the errors in ASX's Statement of Reasons. As you

² ASX has omitted a paragraph with some gratuitous comments about a particular ASX staff member that are not fit for release to the market.

know, ISX's inability is attributable to your refusal to publish ISX's account of relevant facts, which were contained in an Affidavit filed with the Federal Court of Australia.

In light of all of the above, the reference to an "unwillingness to comply" with the Listing Rules is mischievous and self-serving. ISX has at all times been willing to comply with the Listing Rules and expects ASX to do likewise.

ISX reserves the right to refer this chain of correspondence to the Market Infrastructure Branch of ASIC as a standalone complaint, and also in support of its current application under regulation 7.12.16³ of the Corporations Regulations.'

ASX's answer to ISX's second response to the Query Letter

On Thursday 21 May 2020 at 8.38pm AEST, ASX sent an email to ISX's Managing Director and Chief Executive Officer advising as follows:

'ASX refers to:

- ASX's query letter to ISX dated 7 May 2020 ("Query Letter");*
- ISX's letter attached to your email on Wednesday 13 May 2020 at 1.08pm entitled "Response to ASX Query Letter dated 7 May 2020" ("ISX's First Response");*
- ASX's email to you on Thursday 14 May 2020 at 7.20pm explaining:*
 - that the First Response was not an acceptable response to the Query Letter under listing rule 18.7; and*
 - why ASX did not accept ISX's submission that ASX's queries regarding Visa's suspension of ISX's subsidiary, iSignthis eMoney Ltd, related to an 'incomplete negotiation' and therefore did not require a response under listing rule 18.7; and*
- Your email below to ASX on Wednesday 20 May 2020 at 9.10am responding to the Query Letter and ASX's email dated 14 May 2020 ("ISX's Second Response"),*
(together the "Prior Relevant Correspondence").

As with ISX's First Response, ISX's Second Response also is not an acceptable response to the Query Letter under listing rule 18.7. It is not in a format suitable for release to the market and it does not address the individual questions and requests for information that were put to ISX in the Query Letter. Consequently, ISX is now in breach of its obligations under listing rule 18.7.

ASX does not accept the submission in ISX's Second Response that because, in ISX's view, ISX has not breached the listing rules, ISX does not have to respond to ASX's Query Letter under listing rule 18.7. The purpose and effect of listing rule 18.7 is to allow ASX to make enquiries of a listed entity so that ASX can be satisfied that the entity is complying with its obligations under the listing rules. The issues addressed in the Query Letter go directly to ISX's compliance with listing rule 3.1 (and potentially also listing rule 12.5).

With respect to the comments ISX has made in the Second Response about questions regarding possible money laundering-related issues, it was open to ISX to provide a proper response to the Query Letter explaining the circumstances of Visa's suspension of ISX's subsidiary, iSignthis eMoney Ltd, and, if the suspension had nothing to do with any money laundering-related issues, to explain that fact.

ASX will give ISX one last chance to comply with its obligations under listing rule 18.7 and provide a proper response to the Query Letter in a format suitable for release to the market and that responds individually to each question and request for information in the Query Letter ("Compliant Response") by the extended deadline of 9.30am AEST on Monday 25 May 2020 ("New Deadline").

If ISX does so by the New Deadline, ASX will publish the Query Letter and the Compliant Response to the market.

³ Sic. Regulation 7.2.16.

If ISX does not do so by the New Deadline, in the interests of an informed market, ASX will publish to the market the Prior Relevant Correspondence and this email.

ISX should note that where a listed entity breaches the ASX listing rules, ASX has three important powers it can exercise to secure compliance by the entity with the ASX listing rules – its power to suspend the entity's securities from quotation under listing rule 17.3, its power to remove the entity from the official list under listing rule 17.12, and its power to censure the entity under listing rule 18.8A.

As ISX's securities are already suspended from quotation under listing rule 17.3, and have been since 2 October 2019, the avenue of suspending ISX's securities from quotation under listing rule 17.3 would not currently operate to secure compliance by ISX with the listing rules. Accordingly, if ISX does not provide a Compliant Response, ASX reserves its rights under the listing rules in relation to ISX's breach of listing rule 18.7, including the right to remove ISX from the official list under listing rule 17.12, and/or to impose a censure against ISX under listing rule 18.8A.

In addition, ASX has previously advised ISX that:

'any decision by ASX to reinstate ISX's shares to quotation will, in the usual way, be conditional on ASX being satisfied at the time that ISX is in material compliance with its obligations under the listing rules (including, in particular its continuous and periodic disclosure obligations in chapters 3 and 4, and its ongoing obligations in chapter 12) and that it is otherwise appropriate to do so.'

Unless ISX remedies its breach of listing rule 18.7 by providing a Compliant Response to ASX's Query Letter, this will act as a further impediment to the reinstatement of ISX's shares to quotation on ASX.

ASX reserves the right to release a copy of this email and any response from ISX to the market under listing rule 18.7A.'

ISX's third response to the Query Letter

On Monday 25 May 2020 at 9.27am AEST, ISX's Managing Director and Chief Executive Officer sent an email to ASX attaching (among other things):

- a document on ISX letterhead dated 25 May 2020 stating it was a response to the Query Letter ('ISX's Third Response'); and
- a copy of a letter sent by ISX to its shareholders dated 24 May 2020 ('24 May Shareholders Letter'), which is referred to in ISX's Third Response as an attachment.

A copy of ISX's Third Response and the 24 May Shareholders Letter are attached for the information of the market.

ISX's Third Response is clearly not a 'Compliant Response', as defined in ASX's 21 May 2020 email above. It avoids answering a number of direct queries and gives incomplete or confusing responses to a number of others. It also does not supply a copy of all correspondence between ISX and Visa on relevant matters, as requested in question 5 of the Query Letter.⁴

Accordingly, as it indicated it would in its 21 May 2020 email above, ASX is publishing its correspondence with ISX in relation to the Query Letter.

Issued by ASX Limited

⁴ ASX notes that it had specified in the Query Letter that this correspondence was not for release to the market.



7 May 2020

Reference: 17765

Ms Elizabeth Warrell
CFO & Company Secretary
iSignthis Ltd
456 Victoria Parade
East Melbourne VIC 3002

By email

Dear Ms Warrell

iSignthis Ltd ('ISX'): Query Letter

ASX Limited ('ASX') refers to:

- A. The homepage of ISX's website (www.isignthis.com), which indicates that ISX is a Principal Member of the following card schemes in the EEA and Australia: Visa, Mastercard, American Express, JCB, Union Club, Diners Club International, Discover, SEPA and SWIFT, and which displays the logos of each of those institutions.
- B. ISX's annual report for the financial year ended 31 December 2019 released on MAP on 28 February 2020, which included the following statements on page 40 under 'Principal Activities':

'... iSignthis' subsidiary, iSignthis eMoney Ltd, trades as ISXPay, and is an EEA authorised eMoney Monetary Financial Institution, offering card acquiring in the EEA, and Australia. ISXPay is a principal member of Visa Inc, Mastercard Inc, Diners, Discover, (China) Union Pay International and JCB International, an American Express aggregator, and provides merchants with access to payments via alternative methods including SEPA, Poli Payments, Sofort, Trustly, WeChat, AliPay and others.'

- C. ISX's announcement titled 'Operational Update' released on MAP on 20 March 2020 ('20 March Announcement') in which ISX provided an 'update on the impact of COVID-19 on its operations' including the following statements (emphasis added):

- i) **'Direct Impact:** Our operations generally remain unaffected directly ...

The Company is Payment Card Industry (PCI) Data Security Standard (DSS) certified to operate remotely 100% of the time, with all staff having access to laptops and virtual private networks at all times, including when they are in any of our offices. As such, working remotely presents no technical issues ...'

- ii) **'Indirect Impact:** March 2020 revenues have slowed appreciably, with processing volumes in key EU merchants having declined in GPTV. We are reviewing the situation in March and likely beyond, with January and February having been (unaudited) EBIT positive ...

We also note that responses from payment schemes to what are usually routine technical, commercial or settlement matters, are now taking several days to resolve, rather than minutes, hours or overnight.

The Company is also expecting audit results in early April from Visa Inc with regards to access to product, which may be subject to delays due to COVID-19. ...

The Company notes that this is an unprecedented situation ... It is therefore not possible to make accurate predictions on operations going forward with a large level of uncertainty that we cannot control or anticipate ...'

D. ISX's Appendix 4C for the March 2020 quarter released on MAP on 29 April 2020 ('Appendix 4C'), which included the following statements (emphasis added):

- i) On page 1: *'1Q20 receipts from customers were down 33% from 4Q19 to \$10.5m due to the impacts from COVID-19, combined with seasonality in some merchants' volumes and **other issues mentioned below**'.*
- ii) On page 2:
 - *'COVID-19 impacted March revenues indirectly, with **almost 3 weeks of processing time being lost. The Company failed to process transactions across a number of card schemes as a consequence of either the scheme itself being technically or commercially un-responsive, arrangements with the schemes being subject to further commercial or due diligence requirements, or the Company itself changing its systems without taking into consideration the impact on the scheme. By way of example, our PCI DSS certification, despite having been successfully audited and submitted to the relevant scheme on time, was not updated by one of the card schemes, leading to suspension of some processing services.***
 - ***Processing to merchants across the Visa network was also suspended for parts of March pending response to Visa re queries on ASX "investigation", concerns re "derogatory media" and the focus on high risk merchants.** The Company is providing Visa with information regarding the ASX "investigation" and other matters. Visa has notified that their response times on this matter have been impacted by COVID-19.'*
- iii) In Item 6.1: Aggregate amount of payments to related parties and their associates included in item 1 of Nil for the March 2020 quarter.
- iv) In Item 6.2: Aggregate amount of payments to related parties and their associates included in item 2 of Nil for the March 2020 quarter.

E. ISX's announcement titled 'Appendix 4C with ASX Direction Included' released on MAP on 5 May 2020 ('Updated Appendix 4C'), which included the following statements on page 3 (emphasis added):

'1Q20 unaudited revenue was [sic] for the Group was \$10.6m. The percentage of revenue derived from industry segments during the quarter is detailed below:

- *Options/CFDs/FX - 11%*
- *Crypto/digital currency - 2%*
- *Online gambling - 1%*
- ***Online video gaming - 60%***
- *Credit providers - 0%*
- *Travel services - 4%*
- *Other - 22%*

No single customer was deemed as being 'material'.'

- F. The following screen shot (as at 6 May 2020) from Visa's Global Registry of Service Providers which was produced by searching for iSignthis eMoney Ltd ('IEL') via Visa's webpage located at:

<https://www.visa.com/splisting/searchGrsp.do>.

ASX notes that Visa's Registry indicates that IEL's current status is 'SUSPENDED BY AML' and that its PCI DSS validation had expired on 31 March 2020. No other company listed on the Registry has this status even though a number of them also have expired validations.

COMPANY	SERVICE PROVIDER TYPE	VALIDATION TYPE	VALID THROUGH DATE	ASSESSOR	REGION OF OPERATION
iSignthis eMoney Ltd - SUSPENDED BY AML CYPRUS	THIRD PARTY SERVICER	PCI DSS	Mar 31, 2020	Security Centric Pty Ltd	

- G. The Twitter exchange between Mr John Karantzis (@Yianni_x) with @stockswami on 1 May 2020 ("Karantzis Tweet"), which included the following statement in response to a tweet regarding the information in paragraph F above:

'Thanks @stockswami – an own goal I'm afraid, as reported in the 4C. Looks like we forgot to send our PCI DSS Certificate by 30 March 2020 for EU – but we sent our AU one. Fixing it.'

- H. 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.

- I. 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.'

- J. Listing Rule 17.12, which states:

'ASX may at any time remove an entity from the official list if, in ASX's opinion, any of the following applies.

- The entity is unable or unwilling to comply with, or breaks, a listing rule. ...*
- It is appropriate for some other reason.'*

- K. 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 ...'

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. ASX notes that the 20 March Announcement disclosed that ISX was 'expecting audit results in early April from Visa Inc with regards to access to product' (see sub-paragraph C ii) above).

Please answer the following questions:

- a) When was ISX advised by Visa Inc of its intention to conduct the 'audit' referred to in the 20 March Announcement ('Visa Audit') and what information was it given about the purpose of the Visa Audit?

- b) Please explain the scope and subject matter of the Visa Audit and specifically whether it concerned:
- the enquiries referred to in the Appendix 4C that Visa was making in relation to the 'ASX *"investigation", concerns re "derogatory media" and the focus on high risk merchants*' ('Visa Queries');
 - IEL's PCI DSS certification;
 - anti-money laundering issues (noting the statement on Visa's Global Registry of Service Providers referred to in paragraph F above showing IEL's current status as 'SUSPENDED BY AML'); or
 - something else?

- c) Please explain what was meant by the reference in the 20 March Announcement to the Visa Audit being 'with regards to access to product'.

If this was intended to convey that IEL's ongoing access to various Visa products was contingent on the results of the Visa Audit:

- i) What were those products ('relevant Visa products')?
- ii) Did Visa cut-off IEL's access to the relevant Visa products pending the outcome of the Visa Audit or did it allow IEL continued access to the relevant Visa Products while the Visa Audit was being undertaken?
- iii) If Visa did cut-off IEL's access to the relevant Visa products pending the outcome of the Visa Audit, why wasn't that fact mentioned in the 20 March Announcement?

If this was not intended to convey that IEL's ongoing access to various Visa products was contingent on the results of the Visa Audit, what was it intended to convey?

- d) Was IEL denied access to the relevant Visa products as at 20 March 2020 (regardless of the reason)? If so, why wasn't that fact mentioned in the 20 March Announcement?
- e) Has ISX received the results of the Visa Audit? If so, when did it receive them and what were they? If not, when is ISX expecting to receive them?

2. ASX refers to:

- The disclosure in the Appendix 4C lodged on MAP on 29 April 2020 that processing to merchants across the Visa network was also suspended for parts of March pending a response to the Visa Queries (see sub-paragraph D ii) above); and
- the information currently available on Visa's Global Registry of Service Providers which shows IEL's status as 'SUSPENDED BY AML' (see paragraph F above).

Please answer the following questions:

- a) Is the Visa Audit referred to in the 20 March Announcement the same thing as the Visa Queries referred to in the Appendix 4C? If not, please explain what, if any, connections there are between them.
- b) When did ISX first become aware that Visa had suspended IEL from processing payments to merchants across the Visa network pending a response to the Visa Queries?
- c) If the date provided in the response to question 2 b) is prior to 29 April 2020, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ISX was obliged to release the information under Listing Rules 3.1 and 3.1A.

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- d) Did Visa indicate to IEL at the time it notified IEL of its suspension pending a response to the Visa Queries, or subsequently, the reasons for IEL's suspension? If so, what were they?
 - e) Noting the statement on Visa's Global Registry of Service Providers referred to in paragraph F above showing IEL's current status as 'SUSPENDED BY AML', did Visa indicate to ISX at the time it notified IEL of its suspension pending a response to the Visa Queries, or subsequently, that Visa had anti-money laundering concerns?
 - f) If the answer to question 2 e) is 'no' then what does ISX understand by the statement on Visa's Global Registry of Service Providers that IEL's status is 'SUSPENDED BY AML'?
 - g) What is the current status of the Visa Enquiries? Has ISX or IEL responded to them and, if so, when did it respond? Has Visa accepted those responses as adequate?
 - h) Has Visa resumed providing the processing services that were suspended in March 2020 pending a response to the Visa Queries? If so, when did they resume?

3. ASX notes:

- the reference to the submission of a PCI DSS certification to an unnamed card scheme in the Appendix 4C which was said to have been '*successfully audited and submitted to the relevant scheme on time*' but not updated by the operator of the scheme, resulting in the suspension of some processing services (see sub-paragraph D ii) above); and
- the Karantzis Tweet regarding IEL's PCI DSS certification (see paragraph G above) stating: '*Looks like we forgot to send our PCI DSS Certificate by 30 March 2020 for EU*'.

Please answer the following questions:

- a) Please confirm whether the statement in the Appendix 4C regarding the PCI DSS certification was referring to IEL's annual PCI DSS certification with Visa or to some other card scheme.
- b) If the statement referred to in 3 a) above related to Visa (as appears to be the case from the Karantzis Tweet), please answer the following questions:
 - i) Why didn't ISX mention Visa specifically in the statement in the Appendix 4C regarding the PCI DSS certification, so as to give further context to the additional disclosures regarding Visa in the next paragraph of the Appendix 4C that '*Processing to merchants across the Visa network was also suspended for parts of March pending response to Visa re queries on ASX "investigation", concerns re "derogatory media" and the focus on high risk merchants*'?
 - ii) Noting that IEL's PCI DSS certification did not expire until 31 March 2020, please explain how the issues with that certification were responsible for the suspension of processing services by Visa in March 2020.
 - iii) Was the suspension of services by Visa in connection with the PCI DSS certification a different suspension to the suspension of services by Visa pending the response to the Visa Queries, or were they one and the same?
 - iv) What was the deadline for IEL's submission of its PCI DSS certification to Visa?
 - v) Has IEL submitted its PCI DSS certification to Visa? If so, when did IEL submit it and has Visa acknowledged its submission?
 - vi) How does ISX reconcile the statement in the Appendix 4C that '*despite [our PCI DSS certification] having been successfully audited and submitted to the relevant scheme on time*' [emphasis added] with the statement in the Karantzis Tweet that the PCI DSS certification was not submitted on time?

-
- vii) Please confirm that IEL's PCI DSS certification for Europe has in fact been successfully audited and provide a copy of the audit certificate (not for release to the market).
- viii) Have the Visa processing services for IEL that were suspended in March 2020 as a result of the failure to update IEL's PCI DSS certification resumed?
- If the answer to this question is 'yes', when did they resume?
- If the answer to this question is 'no', please explain why this information has not been disclosed to the market.
- c) If the statement referred to in 3 a) above related to a card scheme other than Visa, please answer the following questions:
- i) Which card scheme was it?
- ii) Why didn't ISX mention the name of that card scheme in the statement in the Appendix 4C regarding the PCI DSS certification, so as to differentiate it from the disclosures regarding Visa in the next paragraph of the Appendix 4C that *'Processing to merchants across the Visa network was also suspended for parts of March pending response to Visa re queries on ASX "investigation", concerns re "derogatory media" and the focus on high risk merchants'?*
- iii) What was the deadline for IEL's submission of its PCI DSS certification to the operator of the card scheme?
- iv) When did IEL submit its PCI DSS certification to the operator of the card scheme?
- v) When did ISX first become aware that the operator of the card scheme had suspended processing services for IEL as a result of the failure to update the PCI DSS certification? Please also clarify whether all or only some processing services provided by the card scheme were suspended for IEL.
- vi) If the date provided in response to 3 c)v) above is prior to 29 April 2020, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ISX was obliged to release the information under Listing Rules 3.1 and 3.1A.
- vii) Have the card processing services for IEL that were suspended in March 2020 as a result of the PCI DSS certification matter resumed?
- If the answer to this question is 'yes', when did they resume?
- If the answer to this question is 'no', please explain why this information has not been disclosed to the market.
4. ASX notes that the Appendix 4C (see sub-paragraph D ii) above) disclosed that during March 2020:
- ISX lost almost 3 weeks of processing time;
 - ISX failed to process transactions across a number of card schemes for a combination of reasons; and
 - ISX's processing to merchants across the Visa network was suspended for parts of the month pending a response to certain enquiries from Visa.
- Please answer the following questions:
- a) Does ISX consider the following to be information that a reasonable person would expect to have a material effect on the price or value of its securities:

-
- i) the loss of almost 3 weeks of processing time in March 2020;
 - ii) the failure to process transactions across a number of card schemes during March 2020;
 - iii) the suspension of processing to merchants across the Visa network for parts of March 2020; or
 - iv) any combination of i), ii) or iii) above?
- b) If the answer to any of questions 4 a)i), a)ii), a)iii) or a)iv) above is 'no', please advise the basis for that view.
 - c) If the answer to any of questions 4 a)i), a)ii), a)iii) or a)iv) above is 'yes', when did ISX first become aware of the information concerned?
 - d) If the answer to any of questions 4 a)i), a)ii), a)iii) or a)iv) above is 'yes' and ISX first became aware of the information before 29 April 2020, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ISX was obliged to release the information under Listing Rules 3.1 and 3.1A.
 - e) For which parts of the month of March 2020 was ISX unable to process transactions across the Visa network?
 - f) For which parts of the month of April 2020 (if any) was ISX unable to process transactions across the Visa network? If it was for a material part of the month, why wasn't that fact disclosed in the Appendix 4C lodged with ASX on 29 April 2020 or in another market announcement?
 - g) Was ISX's ability to process transactions across the Visa network reinstated by 29 April 2020? If not, why wasn't that fact disclosed in the Appendix 4C lodged with ASX on that date or in another market announcement?
5. Please provide a copy of all correspondence with Visa in relation to the Visa Audit, the Visa Queries, the updating of IEL's PCI DSS certification, and any other communications with Visa regarding IEL's suspension (not for release to the market).
6. Approximately what percentage (or percentage range) of ISX's GPTV was derived as a result of it processing to merchants across the Visa network in the three months prior to March 2020 (i.e. 1 December 2019 to 29 February 2020)?
7. ASX notes that the Appendix 4C disclosed that ISX *'failed to process transactions across a number of card schemes as a consequence of either the scheme itself being technically or commercially un-responsive, arrangements with the schemes being subject to further commercial or due diligence requirements, or the Company itself changing its systems without taking into consideration the impact on the scheme [emphasis added] (see sub-paragraph D ii) above).*

Please answer the following questions:

- a) In addition to Visa, which card schemes did ISX fail to process transactions for in March 2020?
- b) Please specify which particular reason or reasons, out of the number of reasons set out in sub-paragraph D ii) (i.e. *'the scheme itself being technically or commercially un-responsive, arrangements with the schemes being subject to further commercial or due diligence requirements, or the Company itself changing its systems'*) was the actual reason or reasons why ISX was not able to process transactions for each of the respective card schemes in March 2020.
- c) Approximately what percentage (or percentage range) of ISX's GPTV was derived as a result of it processing to merchants across each such card scheme in the three months prior to March 2020 (i.e. 1 December 2019 to 29 February 2020)?

-
- d) Have there been any further processing issues with these card schemes in April 2020 or May 2020?
- If the answer to this question is 'yes', please advise whether they have had a material effect on ISX and, if so, please provide details and explain why this information has not been disclosed to the market.
8. ASX notes that the majority (60%) of ISX's revenue in the March 2020 quarter was generated by customers in the online video gaming industry segment (see paragraph E above).
- Did any individual customer in the online video gaming industry segment generate more than 10% of ISX's revenue in the March 2020 quarter? If so, please provide a copy of ISX's agreement(s) with each such customer (not for release to the market).
- In answering the question in the previous paragraph, if any customers are related parties or operate affiliated gaming sites, please aggregate the revenue for the related parties or affiliated sites for the purposes of determining whether they generated more than 10% of ISX's revenue in the March 2020 quarter.
9. ISX disclosed that there were no amounts paid to related parties and their associates in item 1 or item 2 of the Appendix 4C (see sub-paragraphs D iii) and D iv) above).
- Please clarify whether there were any amounts paid to related parties (including fees or executive remuneration paid to directors) or their associates included in item 1 or item 2 of the Appendix 4C, and if there were, the relevant amounts.
10. Please confirm that ISX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
11. 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 Rule 3.1.

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.

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.

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 **9.30am AEST on Friday, 15 May 2020**.

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

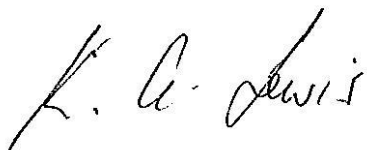
Listing Rules 3.1 and 3.1A

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,



Kevin Lewis
ASX Chief Compliance Officer

ASX Questions and Request for Information

25th May 2020, Melbourne. iSignthis Ltd ("The Company") responds as follows:

1. ASX notes that the 20 March Announcement disclosed that ISX was 'expecting audit results in early April from Visa Inc with regards to access to product' (see sub-paragraph C ii) above).

Please answer the following questions:

- a) When was ISX advised by Visa Inc of its intention to conduct the 'audit' referred to in the 20 March Announcement ('Visa Audit') and what information was it given about the purpose of the Visa Audit?

ISX Response : 9th March 2020; a compliance and risk audit.

- b) Please explain the scope and subject matter of the Visa Audit and specifically whether it concerned:
 - the enquiries referred to in the Appendix 4C that Visa was making in relation to the 'ASX "investigation", concerns re "derogatory media" and the focus on high risk merchants' ('Visa Queries');
 - IEL's PCI DSS certification;
 - anti-money laundering issues (noting the statement on Visa's Global Registry of Service Providers referred to in paragraph F above showing IEL's current status as 'SUSPENDED BY AML'); or
 - something else?

ISX Response ISX understands that the audit was related to compliance and risk review.

- c) Please explain what was meant by the reference in the 20 March Announcement to the Visa Audit being 'with regards to access to product'.

If this was intended to convey that IEL's ongoing access to various Visa products was contingent on the results of the Visa Audit:

- i) What were those products ('relevant Visa products')?

ISX Response :Acquiring and Visa Direct.

- ii) Did Visa cut-off IEL's access to the relevant Visa products pending the outcome of the Visa Audit or did it allow IEL continued access to the relevant Visa Products while the Visa Audit was being undertaken?

ISX Response : Partly. Access to product was contingent on other factors including "ASX's investigation" and derogatory media as a consequence of the ASX Investigation.

- iii) If Visa did cut-off IEL's access to the relevant Visa products pending the outcome of the Visa Audit, why wasn't that fact mentioned in the 20

March Announcement?

If this was not intended to convey that IEL's ongoing access to various Visa products was contingent on the results of the Visa Audit, what was it intended to convey?

ISX Response : Access to Visa products was not at the time and is not material to the price or value of ISX shares. In any event, ISX was of the view that it was making progress in re-establishing services. It was an incomplete, confidential, ongoing negotiation that a reasonable person would not have expected to be made public

- d) Was IEL denied access to the relevant Visa products as at 20 March 2020 (regardless of the reason)? If so, why wasn't that fact mentioned in the 20 March Announcement?

ISX Response : Partly; refer to previous answer. Access to Visa products was not at the time and is not material to the price or value of ISX shares . In any event, ISX was of the view that it was making progress in re-establishing services. It was an incomplete, confidential, ongoing negotiation that a reasonable person would not have expected to be made public.

- e) Has ISX received the results of the Visa Audit? If so, when did it receive them and what were they? If not, when is ISX expecting to receive them?

ISX Response : The audit has been referred to a third-party independent auditor. ISX has not received those results and presently has no expectation on dates due to the impact of COVID on audit capabilities.

2. ASX refers to:

- The disclosure in the Appendix 4C lodged on MAP on 29 April 2020 that processing to merchants across the Visa network was also suspended for parts of March pending a response to the Visa Queries (see sub-paragraph D ii) above); and
- the information currently available on Visa's Global Registry of Service Providers which shows IEL's status as 'SUSPENDED BY AML' (see paragraph F above).

Please answer the following questions:

- a) Is the Visa Audit referred to in the 20 March Announcement the same thing as the Visa Queries referred to in the Appendix 4C? If not, please explain what, if any, connections there are between them.

ISX Response : Yes.

- b) When did ISX first become aware that Visa had suspended IEL from processing payments to merchants across the Visa network pending a response to the Visa Queries?

ISX Response : Visa Queries were not the basis for suspension. The basis for suspension included the "ASX Investigation" and derogatory media.

- c) If the date provided in the response to question 2 b) is prior to 29 April 2020,

please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ISX was obliged to release the information under Listing Rules 3.1 and 3.1A.

ISX Response : Strictly not applicable. However to anticipate a further question, it was (and is) not material and is also subject to ongoing negotiations, contractual obligations and regulatory submissions.

- d) Did Visa indicate to IEL at the time it notified IEL of its suspension pending a response to the Visa Queries, or subsequently, the reasons for IEL's suspension? If so, what were they?

ISX Response : Brand risk, including derogatory media and "ASX Investigation".

- e) Noting the statement on Visa's Global Registry of Service Providers referred to in paragraph F above showing IEL's current status as 'SUSPENDED BY AML', did Visa indicate to ISX at the time it notified IEL of its suspension pending a response to the Visa Queries, or subsequently, that Visa had anti-money laundering concerns?

ISX Response : The question misleadingly conflates different issues. The issues are unrelated, as PCI DSS was not part of any Visa Query, and the apparent reason for the suspension is addressed above. No regulator has suggested that ISX has at any time been in breach of any anti-money laundering regulatory obligations. The only assertions of money laundering appear to have originated with certain elements of the Australian media that are closely linked to the ASX by virtue of commercial relationships, social media and the ASX itself.

- f) If the answer to question 2 e) is 'no' then what does ISX understand by the statement on Visa's Global Registry of Service Providers that IEL's status is 'SUSPENDED BY AML'?

ISX Response : ISX has no understanding of the statement. The reference makes no sense, since there is no apparent relationship between AML and PCI DSS.

- g) What is the current status of the Visa Enquiries? Has ISX or IEL responded to them and, if so, when did it respond? Has Visa accepted those responses as adequate?

ISX Response : Please refer to ISX's Letter to Shareholders dated 24th May 2020, copy attached.

- h) Has Visa resumed providing the processing services that were suspended in March 2020 pending a response to the Visa Queries? If so, when did they resume?

ISX Response : Please refer to ISX's Letter to Shareholders dated 24th May 2020, copy attached.

3. ASX notes:

- the reference to the submission of a PCI DSS certification to an unnamed card scheme in the Appendix 4C which was said to have been ‘successfully audited and submitted to the relevant scheme on time’ but not updated by the operator of the scheme, resulting in the suspension of some processing services (see sub-paragraph D ii) above); and
- the Karantzis Tweet regarding IEL’s PCI DSS certification (see paragraph G above) stating: ‘Looks like we forgot to send our PCI DSS Certificate by 30 March 2020 for EU’.

Please answer the following questions:

- a) Please confirm whether the statement in the Appendix 4C regarding the PCI DSS certification was referring to IEL’s annual PCI DSS certification with Visa or to some other card scheme.

ISX Response : Visa.

- b) If the statement referred to in 3 a) above related to Visa (as appears to be the case from the Karantzis Tweet), please answer the following questions:
- i) Why didn’t ISX mention Visa specifically in the statement in the Appendix 4C regarding the PCI DSS certification, so as to give further context to the additional disclosures regarding Visa in the next paragraph of the Appendix 4C that ‘Processing to merchants across the Visa network was also suspended for parts of March pending response to Visa re queries on ASX “investigation”, concerns re “derogatory media” and the focus on high risk merchants’?

ISX Response : PCI DSS was not a relevant consideration and was not raised by Visa at any time, other than on its website.

- ii) Noting that IEL’s PCI DSS certification did not expire until 31 March 2020, please explain how the issues with that certification were responsible for the suspension of processing services by Visa in March 2020.

ISX Response : It was not. ISX did not state in any official release that it was the cause.

- iii) Was the suspension of services by Visa in connection with the PCI DSS certification a different suspension to the suspension of services by Visa pending the response to the Visa Queries, or were they one and the same?

ISX Response : There was no suspension by Visa due to PCI DSS. ISX maintains current PCI DSS certification across all card schemes.

- iv) What was the deadline for IEL’s submission of its PCI DSS certification to Visa?

ISX Response : By the expiry date of 30th March 2020, allowing for a grace period due to COVID to 1st July 2020.

- v) Has IEL submitted its PCI DSS certification to Visa? If so, when did IEL submit it and has Visa acknowledged its submission?

ISX Response : Yes, re-certified on the 17th March 2020 and receipt confirmed by Visa 8th April 2020.

- vi) How does ISX reconcile the statement in the Appendix 4C that 'despite [our PCI DSS certification] having been successfully audited and submitted to the relevant scheme on time' [emphasis added] with the statement in the Karantzis Tweet that the PCI DSS certification was not submitted on time?

ISX Response : Tweet was asserting an 'own goal' by Visa, per the 4C. However, on the face of the Visa website which was brought to our attention via a tweet, it appeared that PCI DSS was not received, and Mr Karantzis would look into it and "fix it." PCI DSS submission was in fact on time for both Australia and Europe, so no corrective announcement was necessary.

- vii) Please confirm that IEL's PCI DSS certification for Europe has in fact been successfully audited and provide a copy of the audit certificate (not for release to the market).

ISX Response : Confirmed. Attached is the current Attestation of Compliance. (not for release to market).

- viii) Have the Visa processing services for IEL that were suspended in March 2020 as a result of the failure to update IEL's PCI DSS certification resumed?

If the answer to this question is 'yes', when did they resume?

If the answer to this question is 'no', please explain why this information has not been disclosed to the market.

ISX Response : Please see attached Letter to Shareholders dated 24th May 2020.

- c) If the statement referred to in 3 a) above related to a card scheme other than Visa, please answer the following questions:
 - i) Which card scheme was it?

ISX Response : N/A

- ii) Why didn't ISX mention the name of that card scheme in the statement in the Appendix 4C regarding the PCI DSS certification, so as to differentiate it from the disclosures regarding Visa in the next paragraph of the Appendix 4C that 'Processing to merchants across the Visa network was also suspended for parts of March pending response to Visa re queries on ASX "investigation", concerns re "derogatory media" and the focus on high risk merchants'?

ISX Response : N/A

- iii) What was the deadline for IEL's submission of its PCI DSS certification to the operator of the card scheme?

ISX Response : N/A

- iv) When did IEL submit its PCI DSS certification to the operator of the card scheme?

ISX Response : N/A

- v) When did ISX first become aware that the operator of the card scheme had suspended processing services for IEL as a result of the failure to update the PCI DSS certification? Please also clarify whether all or only some processing services provided by the card scheme were suspended for IEL.

ISX Response : N/A

- vi) If the date provided in response to 3 c)v) above is prior to 29 April 2020, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ISX was obliged to release the information under Listing Rules 3.1 and 3.1A.

ISX Response : N/A

- vii) Have the card processing services for IEL that were suspended in March 2020 as a result of the PCI DSS certification matter resumed?

If the answer to this question is 'yes', when did they resume?

If the answer to this question is 'no', please explain why this information has not been disclosed to the market.

ISX Response : No services were suspended due to PCI DSS.

4. ASX notes that the Appendix 4C (see sub-paragraph D ii) above) disclosed that during March 2020:

- ISX lost almost 3 weeks of processing time;
- ISX failed to process transactions across a number of card schemes for a combination of reasons; and
- ISX's processing to merchants across the Visa network was suspended for parts of the month pending a response to certain enquiries from Visa.

Please answer the following questions:

- a) Does ISX consider the following to be information that a reasonable person would expect to have a material effect on the price or value of its securities:
- i) the loss of almost 3 weeks of processing time in March 2020;

ISX Response : No. The uncertainties and effect of COVID's impact to our business is likely to have been to much greater effect during March than the outage of one scheme for a short period, which was in any case disclosed to market on the 20th March 2020.

- ii) the failure to process transactions across a number of card schemes during March 2020;

ISX Response : No. The uncertainties and effect of COVID's impact to our business is likely to have been to much greater effect during March, and was disclosed to market on the 20th March 2020.

- iii) the suspension of processing to merchants across the Visa network for parts of March 2020; or

ISX Response : No. The uncertainties and effect of COVID's impact to our business is likely to have been to much greater effect during March, and was disclosed to market on the 20th March 2020.

- iv) any combination of i), ii) or iii) above?

ISX Response : No. The uncertainties and effect of COVID's impact to our business is likely to have been to much greater effect during March, and was disclosed to market on the 20th March 2020.

- b) If the answer to any of questions 4 a)i), a)ii), a)iii) or a)iv) above is 'no', please advise the basis for that view.

ISX Response : The Appendix 4C related to only 3 weeks of actual disruption of one of many payment services in our supply chain, which was not material. The Company disclosed on the 20th March 2020 that the business would be subject to impact due to COVID (which it anticipated could be longer and possibly material). COVID also impacted our merchants and their volumes.

- c) If the answer to any of questions 4 a)i), a)ii), a)iii) or a)iv) above is 'yes', when did ISX first become aware of the information concerned?

ISX Response : N/A

- d) If the answer to any of questions 4 a)i), a)ii), a)iii) or a)iv) above is 'yes' and ISX first became aware of the information before 29 April 2020, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ISX was obliged to release the information under Listing Rules 3.1 and 3.1A.

ISX Response : N/A

- e) For which parts of the month of March 2020 was ISX unable to process transactions across the Visa network?

ISX Response : ISX processed Visa transactions during March 2020.

- f) For which parts of the month of April 2020 (if any) was ISX unable to process transactions across the Visa network? If it was for a material part of the

month, why wasn't that fact disclosed in the Appendix 4C lodged with ASX on 29 April 2020 or in another market announcement?

ISX Response : ISX processed Visa transactions during April 2020.

- g) Was ISX's ability to process transactions across the Visa network reinstated by 29 April 2020? If not, why wasn't that fact disclosed in the Appendix 4C lodged with ASX on that date or in another market announcement?

ISX Response : ISX processed Visa transactions during March and April 2020.

5. Please provide a copy of all correspondence with Visa in relation to the Visa Audit, the Visa Queries, the updating of IEL's PCI DSS certification, and any other communications with Visa regarding IEL's suspension (not for release to the market).

ISX Response : These are subject to ongoing regulatory and legal submissions and will not be available to ASX until the matter is concluded, as the matter is incomplete, confidential and a reasonable person would not expect it to be disclosed. Further, regulatory communications are regulator-in-confidence.

With all due respect, ISX believes that compelling production of sensitive documents is not an appropriate use of ASX's powers. Apart from being entirely unnecessary, there are competition concerns with giving ASX and Austraclear such insights into ISX's business methods. There is also the lack of assurance about confidentiality, given more than one instance of sensitive information about ISX having been leaked to self proclaimed short sellers and ISX shareholders. Lastly, the current litigation between ISX and ASX raises other complications, which will become more apparent shortly.

We note that the ASX has not compelled documents from, nor directed any queries to, Westpac nor CBA for their actual confirmed money laundering activities, including 23m counts, some of which related to paedophilia for WBC and 55k counts for CBA, some of which related to drug cartel related activity.

6. Approximately what percentage (or percentage range) of ISX's GPTV was derived as a result of it processing to merchants across the Visa network in the three months prior to March 2020 (i.e. 1 December 2019 to 29 February 2020)?

ISX Response : This is commercial in confidence information and is generated for the internal management of the entity. A reasonable person would not expect this level of detail to be disclosed as it would offer competitors intelligence that would not be available to them, and no competitor of ISX discloses such data. Further, a shift away from Visa commenced with the announcement of SEPA instant payments, as decline rates for Visa are higher in key merchant categories which the Company seeks to service. The impact of COVID would also make any such data non comparable to current circumstances, and publication would mislead the market.

7. ASX notes that the Appendix 4C disclosed that ISX 'failed to process transactions across a number of card schemes as a consequence of either the scheme itself being technically or commercially un-responsive, arrangements with the schemes being

subject to further commercial or due diligence requirements, or the Company itself changing its systems without taking into consideration the impact on the scheme [emphasis added] (see sub-paragraph D ii) above).

Please answer the following questions:

- a) In addition to Visa, which card schemes did ISX fail to process transactions for in March 2020?

ISX Response : Intermittent immaterial technical issues across all schemes.

- b) Please specify which particular reason or reasons, out of the number of reasons set out in sub- paragraph D ii) (i.e. ‘the scheme itself being technically or commercially un-responsive, arrangements with the schemes being subject to further commercial or due diligence requirements, or the Company itself changing its systems’) was the actual reason or reasons why ISX was not able to process transactions for each of the respective card schemes in March 2020.

ISX Response : Technically unresponsive in each case other than Visa; all factors in the case of Visa.

- c) Approximately what percentage (or percentage range) of ISX’s GPTV was derived as a result of it processing to merchants across each such card scheme in the three months prior to March 2020 (i.e. 1 December 2019 to 29 February 2020)?

ISX Response : This is commercial in confidence information and is generated for the internal management of the entity. A reasonable person would not expect this level of detail to be disclosed as it would offer competitors intelligence that would not be available to them, and no competitor of ISX discloses such data. The impact of COVID would also make any such data non comparable to current circumstances, and publication would mislead the market.

- d) Have there been any further processing issues with these card schemes in April 2020 or May 2020?

If the answer to this question is ‘yes’, please advise whether they have had a material effect on ISX and, if so, please provide details and explain why this information has not been disclosed to the market.

ISX Response : No

8. ASX notes that the majority (60%) of ISX’s revenue in the March 2020 quarter was generated by customers in the online video gaming industry segment (see paragraph E above).

Did any individual customer in the online video gaming industry segment generate more than 10% of ISX’s revenue in the March 2020 quarter? If so, please provide a copy of ISX’s agreement(s) with each such customer (not for release to the market).

ISX Response : One customer has marginally exceeded 10% in (and only in) the first 3 months of 2020 but is below 10% in any 12-month period that encompasses that quarter. Further, that customer contributed less than 10% of revenue in April and is expected to contribute less than 10% of revenues in the next quarter. On that basis it is not a material customer. As we offer regulated payment services to these customers, the ASX already has the standard form of our agreement for such services

In answering the question in the previous paragraph, if any customers are related parties or operate affiliated gaming sites, please aggregate the revenue for the related parties or affiliated sites for the purposes of determining whether they generated more than 10% of ISX's revenue in the March 2020 quarter.

ISX Response : N/A.

9. ISX disclosed that there were no amounts paid to related parties and their associates in item 1 or item 2 of the Appendix 4C (see sub-paragraphs D iii) and D iv) above).

Please clarify whether there were any amounts paid to related parties (including fees or executive remuneration paid to directors) or their associates included in item 1 or item 2 of the Appendix 4C, and if there were, the relevant amounts.

ISX Response : Please refer to 4C update.

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

ISX Response : Yes, subject to one exception. That exception is that ISX has not yet corrected for the market the errors in ASX's Statement of Reasons published via the MAP on 30 April 2020. ISX has sought to do so, by twice lodging with ASX an announcement entitled iSignthis' official response to ASX's Statement of Reasons, however ASX has refused to publish that response on the Market Announcement Platform (MAP)

11. 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.

ISX Response : Confirmed

Authorised by the Managing Director (J Karantzis) and Chairman (T Hart)

24th May 2020

Dear Shareholder

Letter to Shareholders re Visa Relationship & ASX Suspension

iSignthis Ltd (ISX or the Company) will end its contractual relationship with Visa as a principal member in approximately 90 days. The Company ceased processing as a principal acquiring member in mid-March and has been engaged since that time with Visa in commercial-in-confidence negotiations.

Visa seeks to classify regulated electronic money issuers and purchase payment facility providers such as iSignthis and Paypal, in the same way as unregulated wallets such as Apple Pay, and make them subject to Visa's staged digital wallet operator (SDWO) rules. This includes the impost of a US\$100 million net tangible asset value (NTA) requirement for issuers of electronic money in Europe or for purchased payment facility operators in Australia, who seek to also be concurrent principal acquiring members of Visa.

The effect of these proposed changes is that the Company would need to choose to be either a principal acquirer, or act as a standalone SDWO, or to have an NTA of more than US\$100m if it chooses to be both acquirer and SDWO concurrently.

The Company is in the process of preparing submissions to competition regulators in both Australia and the European Union regarding the impact of proposed rule changes by Visa. The Company has, in the last 72 hours, already made a preliminary submission to a key European regulator.

The Company's position is that the proposed Visa rules that take effect in October this year will restrict trade and competition.

The proposed Visa rules also impose further competitive restrictions on SDWOs including not allowing the SDWO to issue an account number to a retail customer that is not a Visa account number, including Basic Bank Account Numbers (BBANs) and International Bank Account Numbers (IBANs). Visa requiring that only Visa Primary Account Numbers (PANs) be used to reference a retail customer means that other payment and card schemes cannot be involved in a SDWO which incorporates Visa.

Further proposed rule changes by Visa include online video gaming being re-categorised, which will require ISX to have a US\$100m NTA to service this sector (and that of SDWO at the same time) as a card acquirer.

The impact of Visa's suspension has seen an interruption to growth, reflected in an overall decline in revenues during March and April. The Company's augmented SEPA instant payment services have seen an increase during May. The Company is confident that its instant payment/instant notification service in the EEA is a direct substitute for Visa card acquiring, as Visa acceptance rates in gaming and with securities dealers is lower than with other schemes.

The Company has appropriate licensing in place to service regulated gaming and securities dealers with other card and payment schemes and will continue to expand its business.

It is important to note that the Company's relationships with all other card and payment schemes remain unaffected. The Company has not been subject to any anti-money laundering action or notices against it by any regulator at any time. The Company is fully certified for PCI DSS Level1 and ISO27001.

ASX Suspension

In the midst of sensitive negotiations and regulatory submissions, the ASX has issued a further query letter seeking extraordinary detail about the Company's commercial arrangements with Visa. The Company has advised ASX that it is inappropriate for it to be requesting and releasing information regarding current negotiations and submissions, as it may compromise our ability to reach outcomes of best effect for the Company and shareholders. ASX is insistent, so we have prepared circumspect

answers to ASX's queries for release to the market tomorrow. The directors are trying to do the "right thing" for both ASX and our shareholders, although there is some tension between the twin objectives.

As shareholders will have noted, the Company remains committed to satisfying the criteria set by the ASX in its 1st May directions for having ISX securities re-quoted.

Of the directions issued by the ASX on 1st May 2020, the Company has satisfied 3 of the 4 by:

- [Appendix 4C disclosure with revenue breakdown as directed by the ASX¹](#)
- [Nona Agreement Disclosure²](#)
- [Variation Letter Disclosure³](#)
- [Appointment of an Independent Expert re continuous disclosure⁴](#) (completion of report required to satisfy this direction)

The directors, officers and substantial shareholder Red5 Solutions Ltd have again offered to the ASX a voluntary escrow of 336m shares, which would take effect for one year to May 2021. To date, the ASX has not accepted that offer.

I also encourage shareholders to read our response to the ASX "Statement of Reasons", which [is found on the iSignthis website under the "investors" menu and announcements tab dated 4th May 2020.⁵](#)

However, our experience over the last few weeks in dealing with the ASX does not give us confidence that the ASX is acting in good faith.

Yours faithfully



NU Karantzis
Managing Director
iSignthis Ltd

Authorised by the Managing Director (John Karantzis) and Chairman (Tim Hart) of iSignthis Ltd

¹ <https://www.asx.com.au/asxpdf/20200515/pdf/44hvtppv70yh2g.pdf>

² <https://www.asx.com.au/asxpdf/20200520/pdf/44hz0sfcmmwp06v.pdf>

³ <https://www.asx.com.au/asxpdf/20200520/pdf/44hz0vjkf090nd.pdf>

⁴ <https://www.asx.com.au/asxpdf/20200519/pdf/44hybwt46q2hz9.pdf>

⁵ https://www.isignthis.com/hubfs/investor%20Documents%202020/ISX_Formal%20response%20to%20ASX%20reasons%5B1%5D.pdf?hsLang=en