



# Market Announcement

5 December 2019

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Attached for the information of the market is ASX's query letter to iSignthis Ltd (ASX: ISX) dated 22 November 2019 and ISX's response dated 26 November 2019.

ISX has today expressly agreed to the release of its response.

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

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26<sup>th</sup> November 2019

Australian Securities Exchange  
525 Collins Street  
MELBOURNE VIC 3000

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

**iSignthis Ltd ('ISX'): Fourth Query Letter  
Response to correspondence dated 22<sup>nd</sup> November 2019**

Please find below our response to your further queries dated 22<sup>nd</sup> November 2019.

**1. As Mr Daniel Moran of ASX noted in his email to Mr Colin Almond of HWL Ebsworth on 19 November 2019, ISX's response of 15 November 2019 did not provide:**

- a revised attachment in response to question 1 of the Query Letter; or
- the information requested in question 25 of the Query Letter.

**Please provide ISX's response to questions 1 and 25 of the Query Letter.**

In relation to question 25, ISX relies on the confidential response which was sent to Mr Moran on 22 November 2019 and 25 November 2019. ISX does not waive its confidentiality or its right to protect that confidentiality and relies on Listing Rule 3.1A.

In relation to question 1, the whole and complete official translation of the relevant electronic money licence was provided with ISX's response to the ASX's Query Letter dated 15 October 2019. Some additional irrelevant (non-licence) documents were unintentionally attached to the documents that were originally provided with the foregoing response and should be disregarded. ISX therefore considers that it has already fully complied with this request.

**2. The bank statements provided in response to question 7(b) of the Query Letter highlight various transactions/cash receipts. However, a number of these transactions/cash receipts are not easily reconcilable to the invoices as:**

- the remittance advices requested in question 7(a) of the Query Letter do not appear to have been provided; and
- in a number of instances, the relevant customer name does not appear on the bank statement, and/or the cash receipt amounts do not appear to correspond to invoiced amounts.

**In light of the above:**

- a) Please provide a copy of the remittance advices requested in question 7(a) of the Query Letter.**

ISX does not have the remittance advices. They have not been provided by the customers.

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- b) **Please provide a reconciliation (or notations on the bank statements) which enables the relevant cash receipts to be reconciled to the various invoices.**

As requested, attached marked "Annexure Q2" Pages 1 to 4 is a copy of the reconciliation. This document is not to be distributed or released to the market in whole or part. Again, ISX relies on Listing Rule 3.1A.

- c) **Please explain why 'Roc Marketing Services', 'HongKong Lanhai', '1/TRX – Systems', 'Anjalli Limited', 'Margeteks Projec' and 'Albius Ltd, 5 Aksakov St., Sofia' (and, if relevant, 'Bayline Trading LimitedPaymentServices') are tagged in the bank statements as payers of relevant amounts.**

These particular entries were "tagged" in the bank statements to assist the ASX in identifying amounts credited by iSignthis to FCorp's and Immo's electronic money accounts respectively, each of which was subsequently debited to pay amounts owed to Authenticate BV with each customer's consent.

**What is the relationship of these respective entities to the relevant customers?**

ISX does not know the relationship between these respective entities and the relevant customers. Accordingly, ISX cannot give this information to the ASX.

- d) **One payment was received in September 2018, one payment was received in November 2018 and two payments were received in December 2018. Were these respective amounts paid in accordance with the invoices and agreements? If not, why not?**

Yes, they were paid in accordance with the agreements and invoices.

3. **ASX does not appear to have been provided with a copy of the 'platform establishment and integration agreement' referred to in ISX's response to question 8 of the Query Letter.**

ASX also notes the reference to 'Variation 1' in the invoice from Authenticate B.V. to Corp Destination Pty Ltd dated 23 May 2018, which was provided in the response to question 7(a) of the Query Letter.

Please provide a copy of:

- a) the 'platform establishment and integration agreement'; and  
b) the 'Variation 1' agreement.

As requested, attached marked "Annexure Q3" is a copy of the documents. These documents are not to be distributed or released to the market in whole or part. Again, ISX relies on Listing Rule 3.1A.

4. **ISX's responses to questions 8 and 9 of the Query Letter refer to ISX having acquired licences of 'off-the-shelf trading software on behalf of customers in the customer's name'.**

**Please provide a copy of each of these trading platform licences, any other agreements with the licensors, and the invoices for the licences.**

ISX observes that its responses to questions 8 and 9 of the previous Query Letter said that the licence was acquired "on behalf of the customer in the customer's name". The licences and activation codes were transferred to ISX's customers directly by the trading platform licence resellers. Accordingly, ISX has never had a copy of these licences and therefore cannot give them to the ASX.

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As requested, attached marked “Annexure Q4” is a copy of the invoices rendered by the resellers of the trading platforms, including in respect of the licences. These fees were incorporated into the amounts which ISX charged its customers to provide a secure cloud environment incorporating its PCI DSS know how. These documents are not to be distributed or released to the market in whole or part. Again, ISX relies on Listing Rule 3.1A.

As requested, also attached marked “Annexure Q4” is a copy of the agreements with the resellers of the trading platforms. These documents are not to be distributed or released to the market in whole or part. Again, ISX relies on Listing Rule 3.1A.

**5. ISX’s response to question 9 of the Query Letter refers to ‘certificates of practical completion’.**

**Please provide a copy of the certificates.**

As requested, attached marked “Annexure Q5” is a copy of the certificates. These documents are not to be distributed or released to the market in whole or part.

**6. ISX’s response to question 3 of the Query Letter stated that ‘FCorp and Immo’s successors have become large customers, processing over AUD \$35 million (unaudited) GPTV collectively to date in calendar year 2019.’**

**Please provide a copy of:**

- a) any agreements for services with the relevant entities (if they have not previously been provided); and**

As requested, attached marked “Annexure Q6” is a copy of the agreements. These documents are not to be distributed or released to the market in whole or part. Again, ISX relies on Listing Rule 3.1A.

- b) the invoices to FCorp and IMMO (or their successor entities) for services provided in 2019 to date.**

The services provided in 2019 were regulated payments services. In the European Union “Value Added Tax” is not applied to banking or payment services. Accordingly, an “invoice” is not issued for these regulated payment services. Rather, fees are deducted by debiting a customer’s iSignthis issued electronic money account after the settlement of funds or at the time a transfer is made to a third party bank account of net settled funds. ISX understands that banks in Australia also do not invoice their customers for their routine charges and fees.

The fees charged by ISX accord with each customer’s merchant acquiring or electronic money agreement. The general terms of these electronic money or merchant acquiring agreements are available on ISX’s website at <https://www.isignthis.com/documents/>.

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7. Did ISX enter into any agreements akin to the Second F Corp Agreement and the IMMO Agreement, and/or the Nona Agreement in:

- a) the December 2018 half year;
- b) the 2019 year to date?

If so, please provide copies of these agreements.

No.

8. ISX's response to Question 9 of the Query Letter discloses that the 'trading platforms' it provided under the IMMO Agreement are used by [www.bitconvert.com](http://www.bitconvert.com) and [www.thechange.io](http://www.thechange.io)

ISX's response to question 2(a)(i) of ASX's second query letter disclosed that \$218,399 of revenue in the June 2018 half was generated from customers in the crypto/digital currency merchant sector.

In which merchant sector did ISX include the revenue from the IMMO Agreement?

The revenue from the IMMO agreement was classified as Financial Services.

9. In which service/solutions category is the revenue from the Nona Agreement included in the tables provided in the response to question 10 of the Query Letter, and why?

The revenue from the Nona Agreement was classified as Identity as a service / KYC because the use of ISX's Paydentity™ platform and the Identity as a service KYC solution was central to the agreement.

Yours faithfully



Nickolas John Karantzis  
Managing Director & CEO



Elizabeth Warrell  
Chief Financial Officer



Timothy J Hart  
Chairman

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22 November 2019

Reference: 10979

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

By email

Dear Mr Richards

**iSignthis Ltd ('ISX'): Response to ASX's third query letter**

ASX Limited ('ASX') is currently reviewing and assessing ISX's response to ASX's third query letter dated 31 October 2019 ('Query Letter'). From our review to date, it appears that:

- some items of information have not been provided;
- some information that has been provided is not complete; and
- some information that has been provided requires clarification or the provision of further information.

In light of this, ASX requests that ISX respond to the questions and provide the items of information detailed below (not for release to the market). Defined terms in ASX's Query Letter have the same meaning in this letter.

1. As Mr Daniel Moran of ASX noted in his email to Mr Colin Almond of HWL Ebsworth on 19 November 2019, ISX's response of 15 November 2019 did not provide:

- a revised attachment in response to question 1 of the Query Letter; or
- the information requested in question 25 of the Query Letter.

Please provide ISX's response to questions 1 and 25 of the Query Letter.

2. The bank statements provided in response to question 7(b) of the Query Letter highlight various transactions/cash receipts. However, a number of these transactions/cash receipts are not easily reconcilable to the invoices as:

- the remittance advices requested in question 7(a) of the Query Letter do not appear to have been provided; and
- in a number of instances, the relevant customer name does not appear on the bank statement, and/or the cash receipt amounts do not appear to correspond to invoiced amounts.

In light of the above:

- a) Please provide a copy of the remittance advices requested in question 7(a) of the Query Letter.
- b) Please provide a reconciliation (or notations on the bank statements) which enables the relevant cash receipts to be reconciled to the various invoices.
- c) Please explain why 'Roc Marketing Services', 'HongKong Lanhai', '1/TRX – Systems', 'Anjalli Limited', 'Margeteks Projec' and 'Albius Ltd, 5 Aksakov St., Sofia' (and, if relevant, 'Bayline Trading Limited Payment Services') are tagged in the bank statements as payers of relevant amounts.

What is the relationship of these respective entities to the relevant customers?

- d) One payment was received in September 2018, one payment was received in November 2018 and two payments were received in December 2018. Were these respective amounts paid in accordance with the invoices and agreements? If not, why not?
3. ASX does not appear to have been provided with a copy of the 'platform establishment and integration agreement' referred to in ISX's response to question 8 of the Query Letter.
- ASX also notes the reference to 'Variation 1' in the invoice from Authenticate B.V. to Corp Destination Pty Ltd dated 23 May 2018, which was provided in the response to question 7(a) of the Query Letter.
- Please provide a copy of:
- a) the 'platform establishment and integration agreement'; and
- b) the 'Variation 1' agreement.
4. ISX's responses to questions 8 and 9 of the Query Letter refer to ISX having acquired licences of '*off-the-shelf trading software on behalf of customers in the customer's name*'.
- Please provide a copy of each of these trading platform licences, any other agreements with the licensors, and the invoices for the licences.
5. ISX's response to question 9 of the Query Letter refers to '*certificates of practical completion*'.
- Please provide a copy of the certificates.
6. ISX's response to question 3 of the Query Letter stated that '*FCorp and Immo's successors have become large customers, processing over AUD \$35 million (unaudited) GPTV collectively to date in calendar year 2019.*'
- Please provide a copy of:
- a) any agreements for services with the relevant entities (if they have not previously been provided); and
- b) the invoices to FCorp and IMMO (or their successor entities) for services provided in 2019 to date.
7. Did ISX enter into any agreements akin to the Second FCorp Agreement and the IMMO Agreement, and/or the Nona Agreement in:
- a) the December 2018 half year;
- b) the 2019 year to date?
- If so, please provide copies of these agreements.
8. ISX's response to Question 9 of the Query Letter discloses that the 'trading platforms' it provided under the IMMO Agreement are used by [www.bitconvert.com](http://www.bitconvert.com) and [www.thechange.io](http://www.thechange.io)
- ISX's response to question 2(a)(i) of ASX's second query letter disclosed that \$218,399 of revenue in the June 2018 half was generated from customers in the crypto/digital currency merchant sector.
- In which merchant sector did ISX include the revenue from the IMMO Agreement?
9. In which service/solutions category is the revenue from the Nona Agreement included in the tables provided in the response to question 10 of the Query Letter, and why?

The request for information in this letter is made pursuant to Listing Rule 18.7. ASX reserves its right under Listing Rule 18.7A to release this letter to the market if ASX considers it appropriate.

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**When and where to send your response**

ISX's response is requested as soon as possible and, in any event by no later than **9.00am AEDT on Monday, 2 December 2019**. However, please contact me if you require additional time to respond.

Any response should be sent to me by return email. Your response will not be released to the market.

**Enquiries**

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

Yours sincerely,

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**James Gerraty**  
Senior Manager, Listings Compliance (Melbourne)