

## FinClear Payments Guide

The guide below (**Payments Guide**) details acceptable payment types and documentation that you are required to collect as part of your due diligence. The requirements listed within, are expected to be implemented by you for all client funds movement events and instructions, including new account opening, bank account maintenance as well as any journals you may initiate.

Due to the increased risks associated with making third party payments, FinClear does not in general support third party payments or settlements. FinClear recommends that the Intermediary obtains a copy of the relevant bank statement as evidence of the bank account name, when vetting clients signed instructions for all payment types.

### 1. First Party Payments

Payments made into a bank account in the exact same name as the name in which the shares are registered and traded.

|   | Type                                      | Description  | Minimum Requirements   |   |
|---|---|--|--|---|
| 1 | First Party Payments - Domestic           | Bank Account name & the stock delivery name is in the same name as the Trading Account name.   | <ul style="list-style-type: none"> <li>- Signed credit/debit form</li> <li>- Signature validation</li> <li><u>Additional recommended validation</u></li> <li>- Bank Statement confirming bank account name</li> </ul>  | ✓ |
| 2 | First Party Payments – International      | Bank Account name & the stock delivery name is in the same name as the Trading Account name.   | <ul style="list-style-type: none"> <li>- Signed international banking form</li> <li>- Signature validation</li> <li>- Must not be a payment to a prohibited jurisdiction – refer to Appendix B</li> <li>- Test payment for first time payments &gt; \$AUD 150k processed by FinClear, with client confirmation that funds have been received</li> <li><u>Additional recommended validation</u></li> <li>- Bank Statement confirming bank account name</li> </ul> | ✓ |
| 3 | Payment to ‘further credit’ of the client | Funds can be paid to an Intermediary bank account held in the name of the Intermediary bank where it is for the ‘further credit’ of the client | As above, plus: <ul style="list-style-type: none"> <li>- Evidence that the ultimate beneficiary is the first party - Bank statement evidencing that the account is held for the further credit of the end client</li> <li>- If FinClear identifies that there is elevated risk, a call back may be conducted between FinClear and you, the Intermediary</li> </ul>   | ✓ |

#### Trusts:

Where the trading account is for a trust, the account must be opened under the trustee’s name with the account designation in the trust name (e.g. JOHN SMILEY < Smiley Family A/C>). Payment can be made to the trustee or the trust as directed by the authorised persons.

| Account Name                          | Permitted Payments  |   |
|---------------------------------------|---------------------|---|
| John Trustee <Smiley Family Trust AC> | John Trustee        | ✓ |
|                                       | Smiley Family Trust | ✓ |

## 2. Permitted Third Payments

|   | Type   | Description  | Minimum Requirements  |   |
|---|--|--|---|---|
| 1 | Deceased Estates   | <p>Payments to a bank account in the name of:</p> <ul style="list-style-type: none"> <li>- The Estate;</li> <li>- The Executors for the Estate;</li> <li>- The Trust account of the legal representative for the Estate (Lawyer/Solicitor)</li> </ul> <p>Note - There is to be no payment directly to the beneficiaries. The Executor/s or legal rep. must handle distribution of assets in line with the Estate</p> | <ul style="list-style-type: none"> <li>- Certified copy of probate naming executors or small estates indemnity;</li> <li>- Court Orders</li> <li>- Signed written instructions from executors for settlement of proceeds to executors or solicitors bank account</li> <li>- Supporting ID for Signature verification</li> <li>- Bank Statement (recommended)</li> </ul> | ✓ |
| 2 | Single Holder to Joint Account                                 | Funds payable to a single holder can be paid to a joint bank account that includes the single holder (if authorised in writing by the single holder)   | <ul style="list-style-type: none"> <li>- Signed written instructions from the single holder to pay the joint bank account</li> <li>- Bank Statement (recommended)</li> </ul>  | ✓ |
| 3 | Liquidation (Domestic Only)                                    | Funds payable to a company that has been placed into administration (liquidation) can be paid to the administrators (liquidators) within Australia   | <ul style="list-style-type: none"> <li>- Official Australian court documents evidencing appointment of the external administrators / liquidators</li> <li>- Instructions from the liquidator to pay the domestic bank account that is in their name</li> </ul>  | ✓ |
| 4 | Australian Court orders  | Funds payable to a third party in line with Court Orders, Tribunal Orders, Guardianship or POA   | <ul style="list-style-type: none"> <li>- Official Australian Court documents or related documents e.g. Certified POA + ID</li> </ul>  | ✓ |
| 5 | Corporate Actions (e.g. Share Purchase Plans and Rights Issue) | Funds can be paid to listed domestic companies or Australian share registries for the settlement of corporate actions  | <ul style="list-style-type: none"> <li>- See Appendix A &amp; C</li> <li>- Vetted Client instruction to take up the offer</li> <li>- Manual payment request or BPAY instruction sent to FinClear</li> </ul>   | ✓ |
| 6 | Placements, IPO's and Options                                  | Payments related to settlement of Placements, IPO's & and equity related transactions e.g. options with supporting documentation   | <ul style="list-style-type: none"> <li>- See Appendix A, B &amp; C</li> </ul>   | ✓ |
| 7 | Your (Intermediary) Trust account                              | Payments to Intermediary Trust account in line with a client request   | <ul style="list-style-type: none"> <li>- Written Client Instruction</li> <li>- Journal between client account and your clearing account initiated by you via the journal tool</li> </ul>  | ✓ |

### 3. Examples of Prohibited Third Party Payments (including but not limited to)

|   | Type  | Description   |   |
|---|---|---|---|
| 1 | Employee share plans                            | Request from employee holder of shares to pay their employer who issued the shares in order to repay loan shares  | × |
| 2 | Joint Holder to Single                          | Funds payable to a joint holder cannot be paid to only one of the individuals   | × |
| 3 | Single/Joint account to a company               | Funds payable to an individual cannot be paid to a company account  | × |
| 4 | Company to Directors / Company officers         | Funds payable to a company cannot be paid to a director or any other corporate officer.   | × |
| 5 | Associated Companies                            | Funds payable to a company cannot be paid to another associated company (e.g. subsidiary company) unless there is an Australian company extract confirming that they are an wholly owned subsidiary   | × |
| 6 | Meeting Client's tax or other legal obligations | Funds payable to the client cannot be paid to the tax office or any other legal entity to meet the client's obligations   | × |
| 7 | Secured Creditors                               | Liquidator/Administrator for a client who is in liquidation/administration requests that payment be made to a secured creditor. Funds cannot be paid to a secured creditor due to complex nature of vetting required. Payment can be made to the Liquidator/Administrator <u>only</u> and the Liquidator/Administrator can distribute proceeds. | × |
| 8 | Minor   | Request from the account holder to pay the Minor (child) registered in the account designation is not permissible. Payment is to be made to the account holder (Trustee) only.  | × |

## APPENDIX A

### REQUIREMENTS FOR MANUAL PAYMENT REQUESTS – PLACEMENTS & CORPORATE ACTIONS

- Payment must be related to a placement or corporate action event
- Supporting paperwork must be provided to evidence the payment request in line with the above.
- Payments may be subject to Credit Risk approval, depending on value
- Payment may be subject to sanction screening. If any sanctions listings are hit and not able to be verified/cleared, payment will not be able to be made
- Call back must be able to be completed by FinClear with someone other than the person who provide the email/template instruction, when deemed necessary by FinClear
- For placement contract note bookings, the booking allocation sheet to be provided at least **two** business days in advance to [corporate@finclear.com.au](mailto:corporate@finclear.com.au).
- Manual Payment Instruction for EFT's/RTGS are to be sent to [corporate@finclear.com.au](mailto:corporate@finclear.com.au) the day before settlement by 3pm and must include:
  - ✓ Completed EFT/RTGS payment template, including attestation
  - ✓ Supporting documentation – company evidence supporting reason for payment & bank details on company letter head
  - ✓ If the transaction is being initiated via a journal through your Intermediary placement account, the journal is to be created via TCOps before 10am on settlement date
- BPAY requests for corporate actions should be initiated at least 2 business days before offer close and is to be sent to FinClear before 10am for same day processing. Request must include:
  - ✓ Completed Offer acceptance template, including attestation
  - ✓ Supporting documentation – evidence of the biller code for the corporate event (Sample only)
- All clients must have cleared funds available; linked bank details or cash on the ledger. The Intermediary must ensure that the client has made funds available in their linked bank a/c to avoid dishonours. Intermediary is responsible for resolving any dishonours same day.
- FinClear reserves the right to reject payment, if it does not meet vetting criteria.

*The above requirements are subject to change dependent on process reviews performed by FinClear and further restrictions may be applied if there are on-going issues with debtors.*

## APPENDIX B

### PROHIBITED JURISDICTIONS

- Iran
- North Korea - Democratic People's Republic of Korea
- Iraq
- Sudan
- South Sudan
- Syria
- Myanmar
- Libya
- Lebanon
- Mali
- Somalia
- Yemen
- Zimbabwe
- Congo - Democratic Republic of the Congo
- Guinea-Bissau
- CUBA
- Crimea and Sevastopol
- Russia
- Ukraine
- Afghanistan
- Belarus
- Venezuela
- Central African Republic

*Note that the above list is subject to change. Please check <https://finclear.com.au/prohibited-jurisdictions/> for any updates.*

## APPENDIX C

### ACCEPTABLE JOURNAL TYPES

| Purpose                              | Acceptable Intermediary Account |
|--------------------------------------|---------------------------------|
| Brokerage adjustment                 | Brokerage adjustment account    |
| Write off, Error or adjustment       | W/O or Error account            |
| Fee and/or GST                       | Fee account                     |
| Transfer to Clearing account (Trust) | Clearing account                |
| Corporate Actions                    | Placement Account               |
| Placement                            | Placement Account               |

Please note, that if a journal is initiated for any purpose other than those listed above, you must determine appropriateness by validating that it is related to an equity transaction and that it does not generate a third party movement of funds.

All journals created must be based on written client instructions vetted by you. Appropriate due diligence & additional checks you deem necessary should be performed, such as client call backs to mitigate any potential AML and Fraud risk.