

# ConnectPay

## Agreement for Segregated Account

Version 1.1

*Effective as of 22 June 2022\**

*\*For current customers this document will be applied in 60 calendar days counting from 22 June 2022*

## **1. Subject Matter of the Agreement**

- 1.1. This Agreement on Segregated Account governs the relations between the Customer and ConnectPay arising from the Agreement, in particular:
  - 1.1.1. opening Segregated Account for keeping funds of Customer's Clients with ConnectPay;
  - 1.1.2. keeping funds of the Customer's Clients in the Segregated Account;
  - 1.1.3. managing the Segregated Account by the Customer by right of a trust;
  - 1.1.4. settlement and disposal of funds in the Segregated Account.
- 1.2. Relations between the Customer and ConnectPay arising out of the actions specified in Clauses 1.1 above are also governed by the legal acts of the Republic of Lithuania, the Terms and Conditions, other Service Agreements and other contractual documents.
- 1.3. For the avoidance of doubt, this Agreement is an inseparable part of the Terms and Conditions and shall always be construed and interpreted together with Terms and Conditions.
- 1.4. This Agreement is concluded between ConnectPay and the Customer. The Customer acknowledges that the Customer has carefully read and hereby accepted this Agreement with all its integral parts herein: Terms and Conditions; Payment Services Terms and Conditions; Privacy Policy; Price List and individually adjusted Price List (if provided by ConnectPay).

## **2. Definitions used in the Agreement**

- 2.1. "Agreement" shall mean this Agreement on Segregated Account.
- 2.2. "ConnectPay" shall mean UAB "ConnectPay", legal entity registration number 304696889; registration address and address for correspondence Algirdo str. 38, LT-03218, Vilnius, Lithuania; holding licence of the electronic money institution No. 24 issued on 16<sup>th</sup> January 2018, issued by the licensing and supervisory institution is the Bank of Lithuania, [www.lb.lt/en](http://www.lb.lt/en), data on ConnectPay is accumulated and stored in the Register of Legal Entities of the Republic of Lithuania.
- 2.3. "Customer" shall mean a legal person that concluded this Agreement.
- 2.4. "Customer Client" shall mean a user of the Customer's services for which interests the Customer has opened the Segregated Account.
- 2.5. "Electronic money" shall mean monetary funds transferred to the Segregated Account opened on behalf of the Customer and managed by ConnectPay for payment purposes (Electronic Money can be simply identified as funds in the Agreement).
- 2.6. "Terms and Conditions" shall mean General Terms and Conditions on provision of services of ConnectPay UAB, approved by ConnectPay, which along with all amendments and supplements constitute an integral part of the Agreement and are available to the Customer on ConnectPay's Website.
- 2.7. "Parties" shall mean ConnectPay and the Customer; each individually shall be referred to as a Party.
- 2.8. "Payment Services Terms and Conditions" shall mean payment services terms and conditions which can be found on ConnectPay's Website.
- 2.9. "Payment Order" shall mean an order from the Customer to ConnectPay to execute a Payment Transaction.

- 2.10. "Price List" shall mean price list document where the Fees and other charges are set for Services of ConnectPay payable by Customer. Price List can be found on ConnectPay Website or provided by ConnectPay in digital form.
- 2.11. "Segregated Account" shall mean an electronic money and payment Segregated Account in IBAN format opened with ConnectPay in the name of the Customer on the basis of this Agreement, managed in euros and dedicated for keeping funds of the Customer's Clients. The particular number of the Segregated Account opened for the Customer is provided in Online Banking.
- 2.12. Other definitions with first capitalized letter and used in the Agreement shall have the meanings specified in the Terms and Conditions and/or Payment Services Terms and Conditions.

### **3. Identification of the Customer and Documents Provided to ConnectPay**

- 3.1. Prior to commencing a business relationship and opening the Segregated Account, ConnectPay shall perform the Identification of the Customer and the natural person acting on behalf of the Customer according to the procedure requirements prescribed by the Terms and Conditions and other internal rules of ConnectPay.
- 3.2. The Customer must provide ConnectPay with all documents and information requested by ConnectPay and required for the performance of KYC procedure (i.e. Identification of the Customer and related parties, including but not limited to the representatives of the Customer, shareholders, managers, etc.) that would allow ConnectPay to:
  - 3.2.1. identify nature of operations of the Customer and Customer's Clients;
  - 3.2.2. ensure that the Customer has an obligation to separate funds of the Customer Clients from the operational funds of the Customer;
  - 3.2.3. the management and shareholding structure of the Customer;
  - 3.2.4. the purpose and envisaged nature of the Customer's business relationship with ConnectPay;
  - 3.2.5. comply with the requirements of legal acts regulating the prevention of ML/TF and/or other legal acts.
- 3.3. The requirements for documents are established in the Terms and Conditions. ConnectPay instructs the Customer on the scope and nature of the documents to be provided.
- 3.4. All persons who are entitled to dispose of the funds held in the Segregated Account shall be indicated in Online Banking.

### **4. Implementation of Money Laundering and Terrorist Financing Prevention**

- 4.1. The Customer hereby agrees to appropriately implement, in respect of Customer Clients, the ML/TF prevention measures envisaged in laws and legal acts. The main ML/TF prevention measures, which must be implemented by the Customer in respect of the Customers Clients, shall be as follows:
  - 4.1.1. the KYC and other AML procedures, which shall ensure that the operations being executed comply with the Customer's knowledge about Customer's Clients, if applicable their business model and determined risk level, including, but not limited to, the determination of the source of funds of Customer's Clients;
  - 4.1.2. determination of Customer's Client's identity;

- 4.1.3. monitoring of the financial operations or other operations executed by Customer's Clients';
  - 4.1.4. identification and suspension of suspicious operations (special systems implemented by the Customer help to ensure the effective implementation of this procedure);
  - 4.1.5. storage of information about the operations executed by Customer's Clients' and handling of the respective registers;
  - 4.1.6. timely notification of the Customer's employees and training of the Customer's employees;
  - 4.1.7. internal control;
  - 4.1.8. other ML/TF prevention measures envisaged in legal acts.
- 4.2. The Customer shall ensure that, on the date this Agreement is concluded and throughout the term of validity of the Agreement, the Customer complies and will comply with the requirements of legal acts regulating ML/TF prevention.
- 4.3. The Customer acknowledges that ConnectPay is entitled to request the Customer to provide any of the documents of the Customer related to the procedures implemented by the Customer in respect to the ML/TF prevention, and/ or Customer's Clients, and/or impose additional obligations to the Customer (e.g. request to order an independent audit on the Customer's compliance with the requirements for the ML/TF prevention and provide ConnectPay with a report on the conducted audit).

## **5. Conclusion of the Agreement**

- 5.1. Prior to concluding the Agreement, ConnectPay shall perform an evaluation of the Customer pursuant to the provisions of Sections 3 and 4 of this Agreement.
- 5.2. ConnectPay shall be entitled to not conclude the Agreement and refuse to open the Segregated Account, to refuse to provide ConnectPay's Services (including suspension of Payment Transactions in the Segregated Account), or perform other actions relating to the provision of ConnectPay's Services, if the Customer:
- 5.2.1. fail to provide, avoid or refuse to provide data and/or documents required for determining the identity of the Customer, its representative or beneficiary and/or for determining the Customer's management and shareholding structure, or conceal the identity of the beneficiary, or avail of any legal entities which actually do not implement any activity;
  - 5.2.2. fail to provide sufficient evidence and/or documents substantiating the lawful grounds of acquisition and/or source (origin) of funds or other assets or transactions executed (being executed) in the Segregated Account, or avoid or refuse to provide the aforementioned evidence and/or documents, or there exist any other circumstances that allow assuming that the respective party is related to ML/TF;
  - 5.2.3. specify in the documents provided to ConnectPay any inaccurate and/or insufficient information, conceal documents and/or information, provide documents and/or information that give rise to doubts as to their accuracy or authenticity, or the provided documents and/or information do not satisfy the requirements prescribed by legal acts and/or ConnectPay;
  - 5.2.4. based on the information available to ConnectPay, the Customer engages in the activities in the absence of the required licenses or other permits issued by competent state authorities;
  - 5.2.5. is itself or its related persons are included on the list of persons who are suspected of local or international ML/TF;

- 5.2.6. are engaged (plan to be engaged) in any activities, which do not comply with ConnectPay's principles of sustainable activity, the principles of assurance of human rights, transparency, gender equality, morality and ethics, or other activities, which are unacceptable to ConnectPay;
- 5.2.7. plan to use the Segregated Account for transit purposes;
- 5.2.8. fail to provide, avoid or refuse to provide ConnectPay with information about the Customer's Clients;
- 5.2.9. in other cases established in the Terms and Conditions, Payment Services Terms and Conditions, other Service Agreements concluded by the Customer with ConnectPay.

## **6. Obligations and rights of ConnectPay**

- 6.1. ConnectPay hereby agrees, according to the provisions and procedure prescribed by this Agreement and the Terms and Conditions, Payment Services Terms and Conditions of ConnectPay:
  - 6.1.1. to open for the Customer, for an unlimited term, the Segregated Account to be managed by right of trust;
  - 6.1.2. not to allow third parties to set off their claims from the Segregated Account;
  - 6.1.3. to execute the Customer's Payment Orders regarding the funds available in the Segregated Account and execute other Payment Transactions permitted by ConnectPay (Payment Services Terms and Conditions shall apply).
- 6.2. ConnectPay confirms that it has been informed that the funds on the Segregated Account are managed by the Customer in a trust and that ConnectPay, when managing the Segregated Account and the funds contained therein, complies with the restrictions on the disposal of funds provided by legal acts.
- 6.3. The enforcement/recovery under ConnectPay's or Customer's obligations will not be directed to the funds held on the Segregated Account which will remain the property of the Customer's Clients who have entrusted them with the Customer.

## **7. Rights and obligations of the Customer**

- 7.1. The Customer shall have the following rights:
  - 7.1.1. to receive funds in the Segregated Account;
  - 7.1.2. to keep funds in the Segregated Account;
  - 7.1.3. to transfer funds from the Segregated account pursuant to the Payment Services Terms and Conditions.
- 7.2. The Customer by concluding this Agreement hereby agrees to use the Segregated Account for its intended purpose (only for keeping funds of the Customer's Clients) and execute Payment Transactions or other operations according to the Terms and Conditions, Payment Services Terms and Conditions, other Service Agreements concluded with ConnectPay and legal acts of the Republic of Lithuania and only for the purpose to fulfil obligations the Customer has towards the Customer's Clients.
- 7.3. The Customer by concluding this Agreement hereby confirms that it has a legal obligation to separate Customer's Clients funds according to local legal acts and also agrees to provide such evidence to ConnectPay if requested.

- 7.4. In case of any changes in the information, documents and/or procedures specified in this Agreement, the Customer must immediately, but in any case, within 3 (three) Business Days from the date such changes appear, notify ConnectPay of this in writing and provide documents complying with the requirements established for the documents and relating to the changes.
- 7.5. In case of any changes in the Customer's name, legal entity code, address, managers and representatives, the Customer must immediately but not later than within 3 (three) Business Days from the date such changes appear, notify ConnectPay of this in writing and provide documents complying with the requirements established for the documents and relating to the changes. In case of failure to comply with this requirement, the Customer cannot raise claims and objections that the actions of ConnectPay performed based on the latest known Customer's details do not comply with the Agreement, or that it has not received any messages sent according to those details and/or could not access the User's Account and manage the Account and submit the Instructions.

## **8. Issuance of Electronic Money**

- 8.1. Electronic Money may be held on the Segregated Account in different currency. Keeping funds in different currency, the Customer undertakes responsibility for possible depreciation of money due to changes in exchange rates. Currency exchange is based on the exchange rate of ConnectPay, which is valid at the moment of conversion and is constantly updated and published on its website. The Customer shall check the applicable currency exchange rate before the submitting Payment Order, since amendments to the currency exchange rate are implemented immediately and without the separate notification to the Customer.
- 8.2. Electronic Money held on the Segregated Account is not a deposit and ConnectPay does not in any circumstances, pay any interest for Electronic Money held on the Segregated Account and does not provide any other benefits associated with the time period the Electronic Money is stored. Funds held in the Segregated Account are not insured according to the provisions of the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania.
- 8.3. The funds held in the Segregated Account shall be converted to another permitted currency only at the Customer's instruction, excluding the cases provided for in the Payment Services Terms and Conditions, the Terms and Conditions or any other Service Agreement between ConnectPay and the Customer concluded with respect to this Agreement. Where there are no funds in the Segregated Account in the required currency and ConnectPay, without the Customer's instruction, converts the funds held in the Segregated Account into the required currency, the funds shall be converted by applying the exchange rate of the respective currency as set by ConnectPay and applicable at the time of carrying out such transaction.
- 8.4. ConnectPay shall guarantee the security of funds deposited with ConnectPay and in order to ensure the repayment of the funds to the Customer (i.e. redemption of Electronic Money), shall hold the received funds in segregated account opened in the credit institution or central bank of the Member State in accordance with the applicable laws.

## **9. Usage of the Segregated Account and Electronic Money Redemption**

- 9.1. The Segregated Account shall enable the Customer to:

- 9.1.1. receive, transfer and hold Electronic Money on the Account intended for Payment Services;
- 9.1.2. carry out local and international Payment Transactions (Payment Services Terms and Conditions shall apply);
- 9.1.3. perform other operations directly related to Payment Transactions.
- 9.2. At the Customer's request (submitted Payment Order), the Electronic Money held on the Customer's Segregated Account may at any time be redeemed at its nominal value.
- 9.3. The Customer shall express its request for redemption of Electronic Money by generating a Payment Order. The Electronic Money shall be redeemed by methods supported by ConnectPay and agreed with the Customer under the separate Service Agreements.
- 9.4. Payment Orders to carry out Payment Transactions in the Segregated Account submitted to ConnectPay shall comply with the requirements established by the laws and the Payment Services Terms and Conditions.
- 9.5. No specific conditions for Electronic Money redemption, that would differ from the standard conditions for Payment Transactions performed on the Segregated Account, shall be applied. The amount of redeemed/transferred Electronic Money is chosen by the Customer.
- 9.6. No additional Fee for redemption of Electronic Money shall be charged, unless stated otherwise in the Price List or Terms and Conditions. In the event of redemption of Electronic Money, the Customer shall pay the usual Fee for the Payment Transaction.
- 9.7. ConnectPay undertakes to fulfil the Payment Orders submitted by the Customer within the time limits set in the laws, the Payment Services Terms and Conditions.

## **10. Fees**

- 10.1. The Customer shall pay to ConnectPay for the Services rendered and the Payment Transactions carried out in the Segregated Account the Fees in the amount specified in the Price List applicable at that time.
- 10.2. The Fees payable by the Customer to ConnectPay shall be paid in accordance with the procedure specified in the Terms and Conditions, Payment Services Terms and Conditions on the day of rendering the Service or carrying out the Payment Transaction, unless stated otherwise in this Agreement, or aforementioned documents, or Service Agreements concluded between ConnectPay and the Customer.
- 10.3. Fees shall be debited from Account specified in Customer's application for Segregated Account. Customer shall have the right to change Account from which Fees are debited by submitting written request to ConnectPay. ConnectPay shall also be entitled to deduct the Fees owed to ConnectPay by the Customer from other Accounts opened with ConnectPay in the name of the Customer.
- 10.4. For the avoidance of doubt, ConnectPay shall have no rights of deduction of amounts owed by the Customer to ConnectPay in respect of any of the Segregated Accounts, including the Segregated Account opened under this Agreement and managed by right of trust and opened in the name of the Customer, in which the Customer keeps the funds of the Customer's Clients.
- 10.5. ConnectPay shall not pay any interest for the balance of funds in the Segregated Account.

## **11. Settlement of Disputes and Applicable Law**

- 11.1. The examination of claims and the settlement of disputes shall be governed by the Terms and Conditions.

11.2. The Agreement is governed by the laws of the Republic of Lithuania.

## **12. Liability of the Parties**

12.1. To the extent the liability of the Parties is not regulated in this Agreement, the liability of the Parties shall be governed by the Terms and Conditions and Payment Services Terms and Conditions.

12.2. Where the Customer violates the requirements of legal acts relating to the prevention of ML/TF, ConnectPay may detain the funds transferred to ConnectPay under this Agreement and/or refuse to execute any one of the Payment Orders presented by the Customer or other request of the Customer following establishment that the Customer is executing a suspicious financial operation or transaction, irrespective of the amount of the operation or transaction, and/or in the presence of an order of any one supervisory or other authority, the bank where ConnectPay has deposited the funds received from the Customer to detain the funds and/or refuse to execute the Customer's Payment Order or other request. ConnectPay shall not be liable for the lawfulness of the actions specified in this paragraph.

12.3. The Customer shall be liable in full, if any damages appear as a result of the Customer failing to adhere or comprehensively fulfil the requirements of legal acts, in particular legal acts relating to the prevention of money laundering and terrorist financing. The Customer must compensate in full for the damages incurred by ConnectPay and/or third parties and pay a fine of EUR 10,000 for each instance of violation in cases where:

12.3.1. supervisory authority of ConnectPay or other financial institutions (the bank with whom ConnectPay has concluded an agreement for safeguarding the funds of ConnectPay's Customers, Institution's partner or other third party) impose on ConnectPay a fine for acts or omissions, which were caused by the Customer's breach of the provisions of the Agreement or the Customer's failure to appropriately and timely fulfil the provisions of the Agreement;

12.3.2. the bank with whom ConnectPay has concluded an agreement for safeguarding the funds of ConnectPay's Customers or ConnectPay's partner (a financial institution) terminates its business relationship with ConnectPay or closes a Segregated Account by reason of acts or omission, which were caused by the Customer's breach of the provisions of the Agreement or the Customer's failure to appropriately and timely fulfil the provisions of the Agreement.

## **13. Validity, amendment and termination of Agreement**

13.1. The Agreement comes into force and becomes legally binding agreement between the Customer and ConnectPay immediately after (i) the Customer electronically submits an application to open a Segregated Account and digitally accepts or electronically or physically signs confirmation to be bound under the terms of this Agreement, the Price List and individually adjusted Price List (if provided by ConnectPay), and (ii) ConnectPay digitally approves or electronically or physically signs Customer's application and notifies Customer thereof in accordance with the procedure established in the Terms and Conditions.



- 13.2. Upon the entry into force of this Agreement, this Agreement shall be in effect for an indefinite term unless it is terminated in accordance with the procedure established in the Terms and Conditions.
- 13.3. The terms and procedure for amendments in the Terms and Conditions shall to their fullest extent *mutatis mutandis* apply to the procedure and terms for amendments of this Agreement.
- 13.4. The Agreement may be terminated by either of the Parties in accordance with the procedure established in the Terms and Conditions. ConnectPay shall have a right to unilaterally terminate the Agreement with immediate effect also when:
  - 13.4.1. any one of the circumstances listed in provision 5.2 of this Agreement is identified;
  - 13.4.2. the Customer fails to fulfil its obligations under Section 7 of this Agreement;
  - 13.4.3. the Customer fails to timely provide or refuses to provide the information and/or documents requested by ConnectPay;
  - 13.4.4. the Customer is engaged in any prohibited activities as defined in Terms and Conditions;
  - 13.4.5. bankruptcy or insolvency proceedings (including declaration of insolvency) are initiated in respect of the Customer;
  - 13.4.6. international sanctions are imposed on the Customer;
  - 13.4.7. the authority supervising the Customer (if any) passes the decision to impose disciplinary measures on the Customer by reason of the inadequate operational risk management or inappropriate prevention of ML/TF or revokes the authorization/license granted for the Customer (if any);
  - 13.4.8. in other cases envisaged in this Agreement, the Terms and Conditions, Service Agreements concluded between the Parties in relation to this Agreement, laws of the Republic of Lithuania.
- 13.5. Termination of the Agreement shall be the basis for the closure of the Segregated Account.
- 13.6. The Segregated Account cannot be closed at the request of the Customer if the Segregated Account is seized or other restrictions apply to the Segregated Account.
- 13.7. In case of termination of the Agreement, the balance of funds in the Segregated Account shall be paid to the Customer in accordance with the procedure laid down in the Terms and Conditions. The Customer acknowledges its obligation to indicate other payment Segregated Account opened with duly licensed payment service provider and operated under the name of the Customer prior the date of termination of the Agreement and closure of the Segregated Account. The Customer hereby confirms that it fully understands the consequences of not complying with the aforementioned obligation.
- 13.8. In case of termination of the Agreement, the Customer and ConnectPay must fulfil all of their obligations stipulated by the Agreement and/or Terms and Conditions and arising during its validity period.

#### **14. Other Terms and Conditions of the Agreement**

- 14.1. The Parties agree that all the Personal Data is being processed by ConnectPay according to the Privacy Policy of ConnectPay and laws of the Republic of Lithuania.
- 14.2. Other matters, rights and obligations of the Parties that might be relevant for proper execution of this Agreement and which are not regulated herein is governed by the Terms and Conditions, Payment Services Terms and Conditions and/or Service Agreements concluded between the Parties in relation to this Agreement.

**15. Final Provisions**

- 15.1. The Parties declare that at the time of concluding the Agreement they are not aware of any circumstances prohibiting the conclusion of this Agreement or restricting the Parties' right to conclude this Agreement. The Customer declares that all provisions of the Agreement are clear, consequences of the conclusion of the Agreement are understandable.
- 15.2. The Customer upon entering into this Agreement declare that it is familiar and committed to comply with the Terms and Conditions, Privacy Policy, Payment Services Terms and Conditions, Price List and any other document that might be relevant for the Customer in terms of execution of this Agreement and which are an integral part of this Agreement. The Agreement and all abovem entioned documents and any other document that might be relevant for the Customer are available and can be anytime downloaded by the Customer at <https://connectpay.com/legal-documents/>
- 15.3. The information about the Agreement shall be available in durable media via agreed communication channels, including but not limited to, Online Banking, Email, ConnectPay Website, others.