

# SERVICE SCHEDULE 1 TO MERCHANT TERMS & CONDITIONS

## Access to CHIPS Payment Network Services

### 1 PREAMBLE

- 1.1 This Service Schedule is entered into pursuant to the Merchant Terms & Conditions, which were accepted by the Merchant, and governs the Merchant's use of the Service and associated software.
- 1.2 By subscribing to the Service through acceptance of this Service Schedule or by using the Service, the Merchant acknowledges that it has read and agrees to be bound by all the terms and conditions of this Service Schedule, the Merchant Terms and Conditions, the AOS Terms and Conditions, the CHIPS™ Terms and Conditions, as well as the Registration Form relevant to the Service, all of which is incorporated into this Service Schedule by reference.
- 1.3 Trustlink screens the Merchant and related party information, instructions, and transactions on an ongoing basis.
- 1.4 The Merchant may only subscribe for the Service if it has been verified in terms of Financial Intelligence Centre Act (Act No. 38 of 2001) and subsequent amendments and if no violations are detected as contemplated in this Service Schedule.

### 2 DEFINITIONS

Any words appearing in uppercase and not defined in this Service Schedule will have the meaning assigned to it as set out in the CHIPS™ Terms and Conditions or the AOS Terms and Conditions. Unless the context indicates otherwise, the words and expressions below will have the following meanings and similar words and expressions will have corresponding meanings:

- 2.1 **instaPay™** means a mobile payment app provided by Trustlink. The app enables Merchant customers, with online banking access, to pay CHIPS™ enabled Merchants directly from the customer's bank account. The Merchant receives payment into its CHIPS™ Value Store Account;
- 2.2 **Merchant Portal** means Trustlink's miBusiness online web-based Software application that provides electronic facilities, including but not limited to providing access to the Merchant's CHIPS™ profile and Merchant Value Store Account; reflecting the Merchant's CHIPS™ Value

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Store holdings; enabling the initiation of fund transfers to other Users; and maintaining a record of incoming and outgoing transactions;

2.3 **Registration Form** means the hardcopy or electronic registration form completed by the Merchant in order to obtain access to the Service;

2.4 **Service Fees** means the service fees as set out in Annexure SS1A to this Service Schedule;

2.5 **3<sup>rd</sup> Party Payment Processors** means service providers contracted by Trustlink to provide financial platforms that function in the background to offer payment processing services to service Users through CHIPS™-enabled Applications and the Merchant Portal.

### **3 COMMENCEMENT & DURATION**

This Service Schedule shall commence with effect from the date of activation of the Service by Trustlink which date shall not be earlier than the requested commencement date set out in the Registration Form until either of the Parties terminate it in accordance with this Service Schedule.

### **4 ACKNOWLEDGEMENTS**

The Merchant acknowledges that:

4.1 The Service is not a banking service and, in providing the Service, Trustlink is acting as a payment service provider, authorised by the Payments Association of South Africa (PASA) and not as a bank, trustee, fiduciary or escrow in respect of the Merchant's funds.

4.2 Trustlink is not authorised to hold funds on behalf of customers or merchants and has appointed a duly authorised and licensed financial services provider to act as independent custodian of customer's or Merchant's funds as required by law.

4.3 All funds held in the Value Store is at all times protected against internal theft, mismanagement and/or fraud under a fidelity guarantee insurance policy.

4.4 Trustlink is entitled to appoint any company approved by the Financial Services Board, which company is duly authorised to receive and/or hold assets in trust in the name of the Merchant.

### **5 SERVICE COMPONENTS**

The Service comprises of the following components:

- 5.1 The CHIPS™ Value Store as contemplated in the AOS Terms and Conditions.
- 5.2 The Merchant Portal, which is licenced to the Merchant as part of the Service to provide the Merchant with access to facilities and functions to manage its participation in the Service.

## **6 THE SERVICE**

### **6.1 General**

- 6.1.1 The Service provides the Merchant with a secure, fast and efficient mechanism to receive and make CHIPS™ transfers in lieu of goods and services traded.
- 6.1.2 An account will be opened in the Merchant's name in the Value Store as part of the Merchant's registration process.
- 6.1.3 Service Fees will be charged to the Merchant as indicated in the Fee Schedule attached as Annexure SS1A to this Service Schedule.
- 6.1.4 Trustlink reserves the right to, in its sole and absolute discretion, increase the Service Fees payable by the Merchant, provided that the Merchant shall be entitled to terminate the Service on 30 (thirty) days' written notice to Trustlink should it not be satisfied with the increased Service Fees.
- 6.1.5 It is recorded for clarity that the Merchant remains liable for the Service Fees levied on each transaction successfully processed for the Merchant, irrespective of whether such payment is thereafter refunded to the Merchant's customer.
- 6.1.6 The Service includes the following mechanisms for the Merchant to receive payments from Users:
  - 6.1.6.1 Transfer from a customer's Value Store Account using CHIPS™-enabled Apps; and
  - 6.1.6.2 Transfer from a customer's bank account using the instaPay™ mobile application.
- 6.1.7 The Merchant will be notified of every transfer made to and from its Value Store Account subject to the deduction of any applicable Service Fees, bank charges and taxes in relation to such transfers.
- 6.1.8 The Merchant can also view the full history of CHIPS™ transactions on the Merchant Portal.

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- 6.1.9 Payments received from a User using a CHIPS™-enabled App are immediately available for the Merchant to make payments.
  - 6.1.10 Transfers from the Merchant's Value Store Account to a bank account will reflect in the Merchant's bank account within 24 to 48 hours subject to normal banking operating hours.
  - 6.1.11 Funds can only be transferred to the Merchant's or User's nominated and verified bank account and cannot be transferred to any third-party account.
  - 6.1.12 Trustlink will not be held responsible for incorrect banking details provided by the Merchant which may lead to funds held in the Merchant's Value Store Account being transferred to the incorrect party.
  - 6.1.13 The Service does not include the processing of any refunds to the Merchant's customers. The Merchant is solely responsible for processing any refunds due to any of its customers. However, the Merchant can process refunds through the Merchant Portal.
  - 6.1.14 All interest accruing on any funds held in the Value Store from time to time, shall accrue for the benefit of Trustlink, and the Merchant shall have no claim whatsoever in relation to such interest amounts.
  - 6.1.15 Bank administration fees in respect of the Value Store's related bank accounts are for the account of Trustlink and will not be charged to the Merchant.

## **6.2 Funds Management**

- 6.2.1 By registering for the Service, the Merchant mandates Trustlink to transfer beneficial ownership of funds held in the Value Store to its counterparties and to accept the transfer of beneficial ownership from its customers' Value Store holdings in accordance with instructions, subject to the terms and restrictions of this Service Schedule.

## **6.3 Referrals**

- 6.3.1 By inviting entities (for example, customers, employees, suppliers, etc) to join CHIPS™, using miBusiness, the Merchant will receive 10% (ten percent) of future transaction revenues earned by Trustlink on all CHIPS™ payments made to CHIPS™-enabled Merchants by invited entities that successfully registered as CHIPS™ users as result of the Merchant's invitation.

## **6.4 The Service Conditions**

- 6.4.1 Trustlink will provide technical specifications and technical support to enable the Merchant to implement, integrate and utilise CHIPS™ as a value transfer mechanism.

- 6.4.2 The Merchant will be responsible for the costs relating to the integration of the Merchant's point-of-sale and back office environment with the Service.
- 6.4.3 The Merchant will support the integration effort to integrate the Service with the point-of-sale system utilised by the Merchant in order to enable customers to pay for goods and/or services through the Service.
- 6.4.4 Trustlink will place reliance on valid instructions received from the Merchant's point-of-sale system or entered by the Merchant on the Merchant Portal. Trustlink shall not be held responsible for the unauthorised use of the point-of-sale system and/or the Merchant Portal.
- 6.4.5 Value transfers entered into the Service are performed in real-time and are irrevocable.
- 6.4.6 Any reversals of funds need to be handled as a new separate transaction through the Merchant Portal.
- 6.4.7 The Merchant must confirm that the purchase price captured on the point-of-sale system is correct, and the Merchant must check that all information in respect of the purchase is correct. Once the transfer in respect of the transaction is authorised and submitted, it cannot be reversed.
- 6.4.8 Trustlink will not be held responsible for any loss suffered by the Merchant in the event of incorrect details having been captured for a transaction.
- 6.4.9 Trustlink will process the instruction from the Merchant's customer to credit the Merchant's Value Store Account in real-time.
- 6.4.10 The Merchant hereby agrees to receive all transaction details in electronic form via the Merchant Portal and/or CHIPS™-enabled Applications.
- 6.4.11 All User information and transactions processed through the Service are protected by encryption on par with international standards. Only authorised Trustlink employees or agents have access to such information and transactions processed.
- 6.4.12 Trustlink can refuse to act on any instruction including where it believes an instruction: (i) was unclear; (ii) was not given by the Merchant; or (iii) might cause Trustlink to breach a legal or other duty; or (iv) if Trustlink believes the Service is being used for an illegal purpose; or (v) may harm Trustlink's reputation.
- 6.4.13 The Merchant agrees to fully cooperate with Trustlink, its agents, regulatory authorities and the police where the Merchant or Trustlink suspects unauthorised or fraudulent payments had been processed through the Service.

## **7 IMPOSED TRANSACTION LIMITS & DELAYS**

Trustlink reserves the right to:

- 7.1 impose an upper limit on the amount of a single transaction that will be accepted for transfer by means of the Service;
- 7.2 impose certain limits with regards to the flow of funds in the system including, but not limited to funds received and funds withdrawn. Details of these limits as changed from time to time will be available on the CHIPS™ website; and
- 7.3 freeze or suspend the Merchant's access to the Service for an indefinite period if there is suspicion of any illegal activity taking place.

## **8 PROHIBITED TRANSACTIONS**

- 8.1 The Merchant agrees that Trustlink is entitled to recover and indemnifies Trustlink against any fines or penalties claimed from Trustlink, together with additional liquidated damages as Trustlink may suffer arising out of such prohibited conduct, directly from the Merchant's Value Store Account, and if such funds are insufficient, to demand immediate payment from the Merchant in respect of any of the Services, in the amount of such penalties and/or liquidated damages.
- 8.2 If the Merchant uses the Service in a manner that violates the provisions of this Service Schedule, including but not limited to an act described in the categories above, the Merchant's Service will be subject to limitation, suspension or immediate termination.

## **9 FEE COLLECTION FROM MERCHANT**

- 9.1 Service Fees are due at the time of the transaction and the funds received in the Merchant's Value Store Account are nett of the Service Fee and Value Added Tax applicable to the Service Fee.
- 9.2 Receipts: Service Fees are deducted at the time of payment from the total value of the transaction billed to the customer by Merchant.
- 9.3 Payments: Service Fees, where applicable, are added at the time of payment to the total value of the transaction debited from the Merchant's account.
- 9.4 Transfers between CHIPS™ account and bank account:

- 9.4.1 The fee for a transfer to a bank account is deducted from the amount transferred and the nett amount is transferred to the bank account selected.
- 9.4.2 The fee for a transfer from a bank account to a CHIPS™ account is deducted from the amount requested and the nett amount is posted to the CHIPS™ account.
- 9.5 The usage fee for the Merchant Portal is invoiced monthly in advance after an initial 3 (three) months free trial period. Trustlink reserves the right to terminate the Merchant's use of Merchant Portal if payment is not made within 10 (ten) business days from date of invoice.

## **10 DISCLAIMER & LIMITATION OF LIABILITY**

- 10.1 Subject to the Merchant's legal rights, the Service is provided to the Merchant without any warranty (including that the Service be error free, accurate and/or complete) and not subject to any condition, except as may be expressly provided for in this Service Schedule. More specifically, although reasonable care and diligence is applied by Trustlink to ensure that the Service is available on a 24-hour per day basis, this cannot be guaranteed.
- 10.2 Trustlink endeavours to perform all transactions in real-time within the Service or within 48 (forty-eight) hours when withdrawing funds to a bank account, however Trustlink cannot make any representations or provide warranties regarding the time it will take to complete processing a transaction.
- 10.3 Subject to 10.4 below, Trustlink is liable to the Merchant for damages or loss of whatever kind arising out of any act or omission of Trustlink, its employees, agents or representatives, which acts or omissions are negligent or wilful acts or omissions of Trustlink, its employees, agents or representatives.
- 10.4 Trustlink shall not be liable for any loss of profit or revenue, indirect, special, or consequential loss, or damages of whatsoever kind, whether arising in contract, delict or otherwise suffered by the Merchant about or arising out of this Service Schedule.
- 10.5 Trustlink's aggregate liability in respect of any claims relating to this Service Schedule shall not exceed the total amount of Service Fees deducted over the 12 (twelve) month period preceding the date on which the claim arose.
- 10.6 Trustlink does not exclude or limit its liability, if any, for any matter for which it would be illegal for Trustlink to do so and this Service Schedule shall always be interpreted in accordance with and subject to this overarching proviso.

- 10.7 Trustlink has no obligation to produce improvements or upgrades to the Service, however if it does make such improvements or upgrades commercially available, same shall be applied to the Merchant. The Merchant acknowledges that if Trustlink makes improvements or upgrades available it may be necessary for the Merchant to implement such improvements or upgrades in order to continue using the Service.
- 10.8 The Service shall always be subject to the terms and conditions imposed by Trustlink's 3<sup>rd</sup> Party Payment Processors and third-party service providers and the bank of the Merchant whose facilities are utilised in order to accept or effect payment by means of the Service. Therefore **all fines, penalties or other charges, of whatever nature, imposed by the 3<sup>rd</sup> Party Payment Processors and/or third-party service providers and/or banks on Trustlink in respect of or arising from the Merchant's use of the Service will be for the Merchant's account** and the Merchant hereby authorises Trustlink to recover the monies directly from the Merchant by debiting the bank accounts that it has registered in respect of the Services to the value of the fines, penalties or charges. **The Merchant further indemnifies Trustlink against any claim that may be made by the 3<sup>rd</sup> Party Payment Processors, third-party service providers or the Merchant's bank in respect of or arising from the Merchant's use of the Service against Trustlink for any reason whatsoever.**
- 10.9 The Merchant acknowledges that: (i) any transaction executed through the Service creates legal rights and obligations only between the Merchant and its own customers and Trustlink shall never be a party to such transaction; (ii) Trustlink assumes no responsibility whatsoever for the fulfilment and execution of the Merchant's transactions; (iii) Trustlink shall not be responsible for the delivery of any products procured by any of the Merchant's customers, including but not limited to late deliveries, damage to goods, or loss of goods; (iv) Trustlink does not warrant that the reports on transactions, and/or log files shall be error free, accurate and/or complete.
- 10.10 Without limiting the generality of the foregoing, Trustlink's disclaimer of liability includes its liability for any loss or damages incurred by **the Merchant or its own customers arising from any transaction executed through the use of the Service.**

## **11 CONSEQUENCES OF SUSPENSION & TERMINATION**

Upon **termination** of the Service for any reason whatsoever, all funds held in the Value Store on the Merchant's behalf (nett of any and all Service Fees as well as fines, penalties, other liabilities and charges incurred pursuant to clause 7 or clause 10.8 above) will be automatically paid out to the Merchant forthwith; provided that, should Trustlink reasonably anticipate fraud or other illegal activity, Trustlink reserves the right to withhold any or all funds held in the Merchant's Value Store Account, for so long as is reasonably necessary for Trustlink to investigate and ascertain the extent of damages



suffered due to the Merchant's breach (if applicable), or whether any suspected illegal activity was indeed taking place via the Service and the extent of any harm caused thereby, at which point the amounts so withheld may be applied towards the damage/harm so suffered by Trustlink.

## **12 ENTIRE AGREEMENT**

This Service Schedule and the annexures hereto constitute the entire agreement between the Parties and supersede any prior written or oral agreement or understanding with respect to the subject matter hereof. No interpretation, amendment, or change to this Service Schedule will be effective unless made in writing and signed by both Parties.

## ANNEXURE SS1A: SERVICE FEES

### Access to CHIPS Payment Network Services

#### 1. Subscription fee

Monthly subscription fee of R49.99 (excluding VAT) for the use of the Merchant Portal (payable after a 3-month free trial period).

#### 2. Transaction fees

The transaction fees applicable to the various transaction types are levied as indicated in the table below.

Transaction type	Variable Fee (ex VAT)		Fixed fee (ex VAT)
	Rate (% of value)	Capped at	
<b>Receiving CHIPS payments, initiated by a payment request (QR code) generated* by Merchant</b>			
- Payment made by a CHIPS user	0.50%	R12.50	
- Payment made by an instaPay app user	1.00%	R28.00	
<b>Payments made by Merchant</b>			
- Ad hoc payments to CHIPS-enabled consumers	0.50%	R2.50	
- Rebates paid to CHIPS users	0		
- Paying salaries / wages into Value Store accounts of employees, in bulk	No charge		
- Paying supplier or other 3rd party in response to payment request	0		
<b>Moving funds between Merchant's CHIPS account and bank account</b>			
- Transferring from CHIPS account to bank account			R3.50
- Transferring from bank account to CHIPS account (real-time)	1.00%	R28.00	
<b>Invites to consumers to join CHIPS</b>			
- CHIPS™ miBusiness SMS Invites (referrals)			R0.25 per invite

\* Payments generated using any of: The Merchant Portal (miBusiness), a CHIPS-enabled payment acquiring device, a nX screen or the CHIPS-enabled application.

\*\* Instant EFT app enabling customers to pay directly from their bank accounts.