

## INTRODUCED CLIENT SCHEDULE

### MODULR INTRODUCED CLIENT TERMS OF BUSINESS

#### **BACKGROUND**

Modulr is a provider of Modulr Products (as described to you by Partner Platform), which includes the provision of an electronic money account for businesses and associated payment services. The electronic money account is provided by Modulr FS. These Introduced Client Terms of Business govern the Modulr Products that Modulr agrees to provide to the Introduced Client.

These Introduced Client Terms of Business (including all the attached Schedules), together with the Modulr Account Terms and Conditions set out the terms on which the Modulr Products are provided and constitute the Agreement between Modulr, Modulr FS and the Introduced Client.

#### **THE PARTIES AGREE AS FOLLOWS:**

##### **1. Interpretation**

1.1. In these Introduced Client Terms of Business: (a) a reference to a clause is a reference to a clause in these Introduced Client Terms of Business; (b) headings are for reference only and shall not affect the interpretation of these Introduced Client Terms of Business; (c) the singular shall include the plural and vice versa; (d) a reference to a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns; (e) a reference to a party shall include its personal representatives, successors and permitted assigns; (f) reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.

##### **2. Modulr Products**

- 2.1. Modulr will make available to the Introduced Client such products that are provided to the Partner Platform and, as described by Partner Platform in the application process.
- 2.2. The Introduced Client agrees to the Partner Platform providing all such information to Modulr who will check and verify the identity of the Introduced Client, its directors, beneficial owners and Authorised Users as required by law.
- 2.3. The Introduced Client acknowledges that a search of the electoral register may take place for anti-money laundering purposes on the individuals listed in clause 2.2 above.
- 2.4. The Introduced Client acknowledges that a "soft footprint" search may be placed on the electronic files of the individuals noted in clause 2.2 above by the Credit Reference Agencies and their personal details may be accessed by third parties for the specific purpose of anti-money laundering and countering the financing of terrorism (AML/CFT), identity verification and fraud prevention.
- 2.5. The Account and Cards (where applicable) are provided by Modulr FS to the Introduced Client in accordance with the Modulr Account Terms and Conditions. Modulr Products provided to the Introduced Client under this Agreement are for the sole use by the Introduced Client.
- 2.6. The Introduced Client can use the Account and Cards (where applicable) to make Transactions on the terms and conditions set out in the Modulr Account Terms and Conditions. A record of all

Transactions relating to the Account can viewed on the Website or accessed via the Partner Platform (as applicable).

- 2.7. The Introduced Client shall promptly notify Customer Services as soon as it becomes aware login and security information enabling access to its Modulr Products have been lost, stolen or compromised.
- 2.8. From time to time Modulr may carry out additional checks on the Introduced Client, including the identity of its directors, beneficial owners and the nature of its business in accordance with its Due Diligence Procedure and as required by law. Modulr may contact the Introduced Client or the Partner Platform (as applicable) for such purposes. The Introduced Client agrees to provide such information as necessary.
- 2.9. The Introduced Client shall comply with all legislation and regulation as it applies to the Introduced Client. Any failure to comply with relevant legislation or regulation shall be considered a material breach of the Agreement and may result in Modulr discontinuing the provision of the Modulr Products as set out in clause 6.4.
- 2.10. The Introduced Client shall implement as appropriate Modulr's reasonable security recommendations it notifies to the Introduced Client from time to time.

### **3. Authorised Users**

- 3.1. Access to the Modulr Products is restricted to individuals that have been designated by the Introduced Client as Authorised Users.
- 3.2. The Introduced Client must notify Modulr of all individuals it wishes to be an Authorised User.
- 3.3. Each Authorised User is permitted to access and use the Modulr Products in accordance with these Introduced Client Terms of Business.
- 3.4. The Introduced Client will be responsible for training its Authorised Users in the appropriate use of Modulr Products.
- 3.5. The Introduced Client shall ensure its Authorised Users;
  - 3.5.1 take all reasonable care to ensure Modulr Product access credentials, including login details to the Website, where applicable, are kept confidential to each Authorised User; and
  - 3.5.2 do not share any information that would enable another party to access the Introduced Client's Account.
- 3.6. The Introduced Client acknowledges and agrees that each Authorised User is authorised by the Introduced Client to act on its behalf. Modulr shall deem any instruction given by an Authorised User is an instruction given by the Introduced Client.
- 3.7. The Introduced Client will be responsible for timely notification to Modulr of any revocation of Authorised User access and will be liable for Transactions made, Fees incurred and use of Modulr Products by an Authorised User until Modulr has had one full Business Day to act on any received notice. This clause shall not apply to Introduced Clients accessing Modulr Products via the Partner Platform.
- 3.8. Where the Introduced Client accesses Modulr Products through a Partner Platform, such Partner Platform will be considered the Authorised User. In this instance if additional Authorised Users are required they must be requested by the Partner Platform. The use of a Partner Platform to access the Modulr Products by the Introduced Client are set out in further detail below.

#### **4. Accessing Modulr Products through a Partner Platform**

- 4.1. In the event the Introduced Client utilizes a Partner Platform to access Modulr Products, the Introduced Client agrees and authorises the Partner Platform to instruct Modulr to access and use the Modulr Products on behalf of the Introduced Client, which shall include but not be limited to making Transactions, viewing and retrieving Transaction data, initiating refunds and closing the Account.
- 4.2. The Introduced Client acknowledges and agrees that Modulr shall have no liability whatsoever with respect to the performance, availability or quality of any Partner Platform.
- 4.3. The Introduced Client acknowledges and agrees to the following:
  - 4.3.1. it must satisfy itself that its Platform Partner Agreement grants the Partner Platform all permission necessary to operate the Account on the Introduced Client's behalf;
  - 4.3.2. the Platform Partner will be granted full access to operate the Introduced Client's Account as an Authorised User of the Introduced Client;
  - 4.3.3. it is responsible for monitoring Partner Platform activities on its Account. Any queries relating to such activities will be raised with the Partner Platform directly and settled between Partner Platform and the Introduced Client;
  - 4.3.4. the Introduced Client has no recourse against Modulr for any act or omission of the Partner Platform with respect to its Account;
  - 4.3.5. the Introduced Client understands it can only access its Account to make Transactions, review Transactions made or otherwise use Modulr Products through the service provided by the Partner Platform; and
  - 4.3.6. it will only use the Account for the purpose set out in the Partner Platform Agreement.
- 4.4. On receipt of notification by Modulr from the Partner Platform that it wishes to terminate this Agreement, this Agreement shall terminate. Any funds in the Introduced Client's Account will be returned in accordance with the terms of the Modulr Account Terms and Conditions.
- 4.5. If the Introduced Client has any complaint or concern relating to the Account or other Modulr Products, such complaint or concern shall be raised directly to the Partner Platform, who shall deal with it in accordance with Modulr's Complaints Policy, a copy of which is available on request from the Partner Platform and on the Website.

#### **5. Customer Services**

- 5.1. The Introduced Client can contact Customer Services if it has any queries about the Modulr Products. Information may be requested from the Introduced Client, including but not limited to, its Authorised Users, Cardholders or Transaction information so that it can verify the identity of an Authorised User, the Cardholder and/or the Modulr Products provided to such Introduced Client.
- 5.2. Any information shared by the Introduced Client will be kept strictly confidential. Where such information is provided in connection to a service provided by a third party, for example, the Account, then the Introduced Client's information will only be used in accordance with instructions of such third party and only for the purpose of providing Customer Services to the Introduced Client on behalf of such third party.
- 5.3. As part of Modulr's commitment to providing a quality customer service, its managers periodically monitor telephone communications between its employees and Introduced Clients to ensure that Modulr's high quality service standards are maintained. The Introduced Client

consents to such monitoring and recording of telephone communications and agrees to make its Authorised Users aware of such practice.

## **6. Term and Termination**

- 6.1. This Agreement shall commence on the date the Introduced Client receives confirmation from Modulr or the Partner Platform (where applicable) of its successful application for Modulr Products and shall continue until terminated by the Introduced Client, Partner Platform (if acting on behalf of the Introduced Client) or Modulr.
- 6.2. The Introduced Client or the Partner Platform (where applicable) may terminate this Agreement immediately by notifying Customer Services in writing by post or email.
- 6.3. Modulr may terminate this Agreement and close the Introduced Client's Account(s) by providing the Introduced Client with at least two months' notice.
- 6.4. Modulr may suspend or terminate this Agreement immediately if, for any reason, the Introduced Client (i) is unable to satisfy the Due Diligence Procedures, (ii) for breach of this Agreement, (iii) has provided false, incomplete or misleading information, (iv) has engaged in fraudulent, money laundering, terrorism financing or other illegal activity or we have reasonable suspicions in respect of same or (v) we are required to do so under any applicable law or regulation or at the direction of any regulatory, law enforcement or other competent authority. Modulr shall notify you as soon as possible, unless prohibited by law, of such suspension or termination of the Agreement.
- 6.5. This Agreement will automatically terminate when all Accounts of the Introduced Client are closed (for any reason).
- 6.6. Modulr may terminate or suspend this Agreement in whole or in part immediately by giving written notice to the Introduced Client if Modulr ceases to provide Cards pursuant to the provisions of Schedule 1.
- 6.7. On termination of this Agreement for any reason, any balance remaining in the Introduced Client's Account(s) shall be returned to the Introduced Client in accordance with the Modulr Account Terms and Conditions. The Introduced Client shall pay immediately all outstanding Fees due (where applicable) under this Agreement and in the event of a negative balance in an Account, shall reimburse Modulr FS such amount equal to the negative balance.

## **7. Intellectual Property**

- 7.1. The Introduced Client acknowledges all Intellectual Property Rights in the Modulr Products are owned by or provided under licence to Modulr. Modulr grants the Introduced Client a non-exclusive, royalty-free licence for the duration of this Agreement to access and use the Modulr Products only for the purpose contemplated by this Agreement.
- 7.2. Nothing in this Agreement shall operate to create or transfer any Intellectual Property Right to the Introduced Client.

## **8. Force Majeure**

- 8.1. Modulr and/or Modulr FS will not be liable for the non-performance or failure to provide any part of the Modulr Products occurring as a result of any events that are beyond the reasonable control of Modulr, for example, but not limited to, fire, telecommunications or internet failure, utility failure, power failure, equipment failure, employment strife, riot, war, terrorist attack,

non-performance of third party suppliers, acts of God such as storm or lightning damage, or other causes over which Modulr and/or Modulr FS has no reasonable control.

## **9. Assignment Transfer and Subcontracting**

9.1. The Modulr Products provided to the Introduced Client are personal to the Introduced Client.

The Introduced Client may not novate, assign or otherwise transfer this Agreement, any interest or right under this Agreement (in whole or in part) without the prior written consent of Modulr.

9.2. The Introduced Client agrees Modulr may, in its sole discretion, assign, or transfer some or all of its rights and obligations or delegate any duty of performance set out in the documents forming this Agreement. Modulr may subcontract any of its obligations under this Agreement.

9.3. In the event of any transfer of this Agreement by Modulr to another service provider; if the Introduced Client does not want to transfer to the new provider, the Introduced Client must notify Modulr of its objection in writing to Customer Services. On receipt of such notification, Modulr it will terminate this Agreement. Any balance remaining in the Introduced Client's Account(s) will be returned to the Introduced Client in accordance with the redemption procedure set out in the Modulr Account Terms and Conditions.

9.4. It is acknowledged by the Introduced Client that Modulr enters into this Agreement on its own behalf and as agent for and on behalf of Modulr FS with respect only to clauses 10 and 14 of these Introduced Client Terms of Business.

## **10. Liability**

10.1. Nothing in this Agreement will operate to limit either party or its agent's liability with respect to fraud or for death or personal injury resulting from negligence, in either case whether committed by that party or its employees, agents or subcontractors.

10.2. Modulr and Modulr FS makes no warranty that access to and use of the Modulr Products will be uninterrupted or error free.

10.3. The Introduced Client acknowledges and agrees that Modulr and/or Modulr FS are not liable to the Introduced Client for any loss, liability or damages the Introduced Client suffers which result from, are related to, or in any way are connected with any fraud control, restriction measures or other measures implemented from time to time including as require, unless such loss, liability or damage is a direct result of Modulr and/or Modulr FS's fraud, gross negligence or willful misconduct in procuring the implementation of fraud control or purchase restriction measures that Modulr has expressly agreed in writing to procure for the Introduced Client.

10.4. Modulr and Modulr FS shall not be liable to the Introduced Client for any loss or damage the Introduced Client may suffer as a result of any act or omission of an Authorised User or Cardholder or an Authorised User's or Cardholder's use of or inability to use of the Modulr Products.

10.5. The Introduced Client agrees to indemnify Modulr and Modulr FS against any and all actions, claims, costs, damages, demands, expenses, liabilities, losses and proceedings Modulr and/or Modulr FS directly or indirectly incurs or which are brought against Modulr if the Introduced Client, or an Authorised User, or a Cardholder has acted fraudulently, been negligent or has misused a Modulr Product or any of the services provided under this Agreement.

10.6. Modulr and/or Modulr FS shall not be responsible in any way for any interest or claims of any third parties in respect of the Modulr Products, except as required by law or regulation.

## **11. Reports**

- 11.1. Modulr may make available certain management or other reporting or business administration functionality via the Website.
- 11.2. Modulr may from time to time amend, modify, replace or withdraw in whole or in part such reporting it provides without further notice.

## **12. Data Privacy**

- 12.1. Modulr will collect and retain personal information about the Introduced Client and each Authorised User and Cardholder to enable Modulr to deliver the Modulr Products, the services linked to it and deal with any enquiries that the Introduced Client may have about it. Modulr is the data controller of the personal information gathered by Modulr for such purpose. If Modulr uses a third party to provide a part of the Modulr Product then that provider will be the owner and controller of the personal information they require to collect in order to operate the relevant service. The use of personal information by third-party service providers will be set out in their service terms and conditions of use. Modulr will, at such third-party provider's direction, process personal data on its behalf, for example, to enable Modulr to provide Customer Services to the Introduced Client.
- 12.2. Modulr processes personal information in accordance with relevant laws on the protection of personal data.
- 12.3. If Modulr transfers the Introduced Client's information to a third party in a country outside of the European Economic Area Modulr will ensure that the third party agrees to apply the same levels of protection that Modulr is legally obliged to have in place when Modulr processes personal data.
- 12.4. Further information about how Modulr uses personal information can be found in Modulr's Privacy Policy; please contact Customer Services for a copy of this.

## **13. Changes to the Agreement**

- 13.1. Modulr may amend or modify this Agreement by giving no less than two (2) months' notice to the Introduced Client unless Modulr is required to make such a change sooner by law. All proposed changes will be posted on the Website and communicated to the Introduced Client by such other means that Modulr agreed with the Introduced Client, for example by email. If the Introduced Client is accessing Modulr Products via a Partner Platform, all notifications will be communicated via such Partner Platform.
- 13.2. The Introduced Client has no obligation to accept such amendments proposed by Modulr.
- 13.3. The Introduced Client will be taken to have accepted any change to this Agreement that Modulr notifies to the Introduced Client unless the Introduced Client tells Modulr otherwise before the relevant change takes effect. In such circumstance, Modulr will treat notice of objection by the Introduced Client as notification that the Introduced Client wishes to terminate this Agreement and the use of all Modulr Products immediately. All Accounts of the Introduced Client will be closed and any balance remaining in the Introduced Client's Account will be returned to the Introduced Client in accordance with the redemption procedure set out in the Modulr Account Terms and Conditions. In this circumstance the Introduced Client will not be charged a fee for the Account closure and return of any balance.

## **14. General**

- 14.1. In these Introduced Client Terms of Business, headings are for convenience only and shall not affect the interpretation of these Introduced Client Terms of Business.
- 14.2. Any delay or failure by Modulr to exercise any right or remedy under this Agreement shall not be interpreted as a waiver of that right or remedy or stop Modulr from exercising its rights at any subsequent time.
- 14.3. In the event that any part of this Agreement is held not to be enforceable, this shall not affect the remainder of the Agreement which shall remain in full force and effect.
- 14.4. The Introduced Client shall remain responsible for complying with this Agreement until its Account(s) are closed (for whatever reason) and all sums due under this Agreement have been paid in full.
- 14.5. This Agreement is written and available only in English and all correspondence with the Introduced Client shall be in English.
- 14.6. This Agreement is governed by the laws of England and the Introduced Client agrees to the non-exclusive jurisdiction of the English courts.

## Schedule 1 – Direct Debit Collection Service

### 1. Introduction

- 1.1. The terms of this Schedule 2 shall apply where Direct Debit Collections are included within the Modulr Products as set out in the Introduced Client Application Form.

### 2. Direct Debit Collection Service

- 2.1. The Direct Debit service allows the Introduced Client to set up a direct debit to collect funds from a bank account of an individual or business (the “**Direct Debit Customer**”) that uses the Introduced Client’s services to be paid into an account in the name of Introduced Client for the specific purpose of collection (the “**Collection Account**”) (the “**Direct Debit Collection Service**”). The terms and conditions of service, which are set out below apply.
- 2.2. The Collateral Account shall hold the Collateral Account Amount and the Collateral Account Amount may only be applied by Modulr in accordance with the terms of this Schedule 2.

### 3. Interpretation

- 3.1. In this Schedule the following expressions shall bear the following meanings:-
  - 3.1.1. “Accounting Month” shall be calculated by reference to the first day to the last day of each calendar month.
  - 3.1.2. “BACS” means Bankers Automated Clearing System.
  - 3.1.3. "Collateral Account" means an account held by Modulr in the name of the Introduced Client for holding the Collateral Account Amount as notified to Introduced Client from time to time.
  - 3.1.4. "Collateral Account Amount" means the amount required to be held in the Collateral Account being the amount specified by Modulr and notified to Introduced Client from time to time.
  - 3.1.5. “Collection Account” as defined above.
  - 3.1.6. “Collection Request” shall mean a request made by the Introduced Client, in the agreed format, to Modulr to effect the collection of any number of individual monetary sums due in any Accounting Month. A Collection Request may effect either single or multiple collections.
  - 3.1.7. “Direct Debit Claims Guide” means the direct debit claims guide issued by Modulr (as amended from time to time) in relation to process flow, required documentation and contesting claims.
  - 3.1.9. “Direct Debit Indemnity Claim” has the meaning given to it in the Direct Debit scheme rules.
  - 3.1.10. “Failure(s)” means any act of default by the Direct Debit Customer in making any payment due directly to Modulr or any other third party, agent or intermediary or failure by the Direct Debit Customer to adequately and timeously complete a Mandate Request incorporating an instruction to its bank or building society to pay direct debits or the Direct Debit Customer becoming bankrupt or insolvent as prescribed by the Insolvency Act 1986 or compounding with its creditors or passing a resolution or having proceedings commenced against it for its administration or liquidation or the appointment of a receiver manager administrator or administrative receiver in respect of all or any part of the Direct Debit Customer's assets or undertaking, or withdrawal of



the Direct Debit Customer's consent to the collection of direct debit transactions.

- 3.1.11. "Indemnity Claim(s)" means a claim for reimbursement made in accordance with the BACS rules and submitted by the Direct Debit Customer to the Direct Debit Customer's bank.
- 3.1.12. "Invoice Balance" means the credit incurred by the Direct Debit Customer.
- 3.1.13. "Mandate Request" means a request sent by the Introduced Client to Modulr via API or Online Portal (as relevant) from time to time in order to set up collections from a Direct Debit Customer providing such information as is required by BACS to set up a paperless direct debit (including Direct Debit Customer's name, address, bank account number and sort code).
- 3.1.14. "Service User Number" or "SUN" means the user number allocated to the Introduced Client under which the Introduced Client can submit Collection Requests and direct debit collections will be processed.
- 3.1.15. "Terms" means these terms between Modulr and the Introduced Client.

#### **4. Obligations of Modulr**

- 4.1. On receipt of a Mandate Request Modulr will set up a Direct Debit Customer wishing to use the Direct Debit Collection Service. Modulr will apply for payment of the Invoice Balance on receipt of a Collection Request submitted by the Introduced Client. Subject to clauses 4.2, and 4.3., Modulr will submit all Collection Requests and Mandate Requests received prior to 23.59 on a Business Day to BACS no later than the next Business Day.
- 4.2. Modulr may refuse to process a Collection Request or Mandate Request if it suspects there has been unauthorised or fraudulent use of this direct debit service. In such instance, Modulr shall give written notice to the Introduced Client setting out the reasons for the refusal either before the scheduled submission time or, if it is unable to do so, immediately afterwards, unless providing such notification would compromise reasonable security measures or is unlawful.
- 4.3. Modulr shall notify the Introduced Client at the earliest opportunity of any other refusal to initiate or execute a Collection Request and shall include the reasons for the refusal and the procedure for rectifying any factual errors that led to the refusal in such notice, provided that such notification is not unlawful.
- 4.4. Modulr shall monitor the receipt of payments received from a Direct Debit Customer and notify the Introduced Client of any payments that are not made when due.
- 4.5. In the event of Modulr becoming aware of a Failure, Modulr shall notify the Introduced Client. Modulr shall use all reasonable endeavours to provide success and failure information on the Business Day after the collection date, and will provide any additional information on the following Business Day. Modulr will notify Indemnity Claims received prior to 23.59 on a Business Day no later than the next Business Day.

#### **5. Obligations of the Introduced Client**

- 5.1. The Introduced Client shall send Mandate Requests to Modulr via API or Online Portal (as relevant) from time to time in order to set up collections from the Direct Debit Customer.
- 5.2. The Introduced Client shall use its Service User Number in Collection Requests in order for transactions to be executed.

- 5.3. The Introduced Client shall submit Collection Requests via the interface provided by Modulr prior to 23.59 on a Business Day not less than two (2) Business Days prior to the collection date. By submitting the Collection Request via the interface, it is deemed to be authorised by the Introduced Client. Once the Collection Request is submitted, it cannot be revoked.
- 5.4. The Introduced Client warrants that any sum submitted to Modulr for collection from the Direct Debit Customer is due and owing by the Direct Debit Customer to the Introduced Client and that any invoice issued will be made available to Modulr if requested.
- 5.5. The Introduced Client must not include any sums disputed at any time between the Direct Debit Customer and the Introduced Client as a sum to be collected by Modulr until such dispute is resolved to the Direct Debit Customer's satisfaction.
- 5.6. Where Modulr is advised of any Failures or is required to repay any sum or sums to the Direct Debit Customer under its BACS obligations, these Failures and Indemnity Claims will fall immediately due for reimbursement from the Introduced Client to Modulr and the Introduced Client indemnifies Modulr in respect of any such sums. Modulr reserves the right to deduct any such sums from future payments made to the Introduced Client under clause 4.1 of these Terms.
- 5.7. If requested, the Introduced Client will forward copies of all invoices due between the Direct Debit Customer and the Introduced Client to Modulr.
- 5.8. The Introduced Client shall ensure that its terms and conditions of trading in connection with providing or distributing services to the Direct Debit Customer shall not in any way conflict with or prejudice the timing and methods of Modulr collecting payments from the Direct Debit Customer in accordance with these Terms or any of the other provisions of these Terms and in the event and to the extent that such conflict or prejudice exists the Introduced Client shall forthwith rectify and remedy the conflict or prejudice by amending the said terms and conditions and shall be responsible for all losses, damages, claims, demands proceedings liabilities and costs that are directly incurred by Modulr as a result of the existence of any such conflict or prejudice.
- 5.9. The Introduced Client shall notify Modulr without undue delay on becoming aware of the loss, theft, misappropriation or unauthorised use of the credentials used by it to access the Modulr services for the purposes of initiating Collection Requests.
- 5.10. The Introduced Client shall notify Modulr without undue delay upon becoming aware of any transaction which has been incorrectly processed or settled by Modulr.
- 5.11. Notwithstanding the termination of these Terms for any reason the terms set out in clause 5.8 shall continue to apply in respect of any amounts which Modulr may be obliged to repay in respect of any Failures or under its BACS obligations and whether during the subsistence of these Terms or after its termination.
- 5.12. The Introduced Client will use the Direct Debit Collection Service only for its own, internal business purposes, and will not resell them or otherwise make them available to any third party. The Introduced Client will not permit any third party to access the Direct Debit Collection Service, except its accountants or such other third-party access is expressly agreed to in writing by Modulr.
- 5.13. Introduced Client shall be responsible for handling Direct Debit Customer disputes or requests for refunds and Direct Debit Indemnity Claims with respect to the Direct Debit Collection service from Direct Debit Customers in accordance with the Direct Debit

## **6. Collateral Account**

- 6.1. The terms of this clause 6 shall apply where the Introduced Client has its own Service User Number.
- 6.2. Introduced Client shall prior to the Go Live Date pay the Collateral Account Amount into the Collateral Account. Without prejudice to any other rights of Modulr under this Agreement, Modulr shall be under no obligation to provide the Direct Debit Collection Service unless and until the Collateral Account Amount is received in cleared funds into the Collateral Account.
- 6.3. Introduced Client shall ensure that from the Go Live Date until this Agreement is terminated, the Collateral Account Amount is maintained in the Collateral Account at all times and in accordance with the terms set out in this Schedule 2 by making further payments into the Collateral Account.
- 6.4. Introduced Client agrees that Modulr may at any time immediately and without notice, apply any sums held in the Collateral Account in satisfaction of all or any of liabilities or fees payable or incurred by Modulr as a result of providing the Direct Debit Collection Service to Introduced Client including but not limited to any deficit in a Direct Debit Customer's Account or Introduced Client Account as a result of the payment of a Direct Debit from such Accounts or any liability arising under clause 6.5 of this Schedule 2.
- 6.5. Introduced Client shall indemnify Modulr for any loss or damage or liability Modulr incurs under this Schedule 2 as a result of Modulr being unable to otherwise apply funds in the Collateral Account due to insufficient funds.
- 6.6. Upon Modulr exercising its rights under clause 6.4 of this Schedule 2, Introduced Client shall within 2 Business Days pay an amount into the Collateral Account in order to ensure the Collateral Account Amount is maintained.
- 6.7. Modulr will review the Collateral Account Amount from time to time and, if the Collateral Account Amount is revised, Modulr will notify the Introduced Client of the revised Collateral Account Amount and the amount (if any) to be paid by the Introduced Client in order to ensure that the revised Collateral Account Amount is maintained in the Collateral Account. The Introduced Client shall pay the said amount into the Collateral Account within 2 Business Days of Modulr's notice. Where Modulr's review results in a decrease in Collateral Account Amount from the amount then held as such in the Collateral Account, Modulr shall pay to the Introduced Client the amount of the surplus.
- 6.8. Any failure to make a payment and/or to maintain the Collateral Account Amount by the Introduced Client in accordance with this clause 6 of this Schedule 2 shall be deemed a material breach of the Agreement and in case of such breach Modulr can (notwithstanding any other rights Modulr may have as a result of Introduced Client's breach) immediately and without notice suspend or withdraw the Direct Debit Collection service in whole or in part.
- 6.9. Upon termination of this Agreement or the Direct Debit Collection service, Modulr shall return the amounts in the Collateral Account to Introduced Client within 30 days, notwithstanding that Modulr shall be entitled to deduct any amounts to satisfy in full any liabilities of Modulr relating to providing the Direct Debit Collection service. In the event Modulr's liabilities are greater than the amount in the Collateral Account, Introduced Client shall pay such amount to Modulr on Modulr's demand.

## **7. Termination**

- 7.1. In addition and without prejudice to the termination rights of Modulr in the Agreement, Modulr may terminate or suspend the Direct Debit Collection Service in whole or in part immediately by giving written notice to the Introduced Client if:
  - 7.1.1. indemnity claims exceed the 2% threshold for more than one month in any period; and/or

7.1.2. Introduced Client fails to discharge its obligations under this Schedule.

## Schedule 2 – Direct Debit Mandate Service

### 1. Introduction

1.1. The terms of this Schedule 3 shall apply where BACS Direct Debit Mandates are included within the Modulr Products.

### 2. Direct Debit Mandate Service

2.1. The Direct Debit Mandate service enables the Introduced Client and / or Account Manager to set up Direct Debit Mandates on an Account via UK BACS Direct Debit scheme (“**Direct Debit Mandate Service**”). The amounts and payment dates of the Direct Debits may vary.

2.2. The Introduced Clients (or the Partner Platform or the Account Manager acting on the Introduced Client’s behalf) will be able to set up a Direct Debit Mandate on the Account by completing a Direct Debit Mandate form.

2.3. The Introduced Client will be able to view or cancel a Direct Debit Mandate on the Introduced Client’s Account via the user interface provided by Partner Platform.

2.4. Without prejudice to any other rights of Modulr, Modulr may withdraw the Direct Debit Mandate Service by giving the Introduced Client at least 2 months’ notice by e-mail.

## Schedule 3 – PIS Terms and Conditions

### 1. INTRODUCTION

**1.1** The terms of Schedule 4 shall apply where the PIS is included within the Modulr Products provided to you.

**1.2** These PIS Terms and Conditions, alongside the Modulr Account Terms and Conditions form the agreement between Modulr FS and you and sets out the terms that apply to your use of PIS as defined below.

**1.3** We are authorised by the Financial Conduct Authority (FRN 900573) for the issuance of electronic money and providing payment services, including payment initiation services.

**1.4** Unless expressly stated in this Schedule 4, the definitions contained in this Agreement shall apply to this Schedule 4.

### 2. DEFINITIONS

**Account Servicing Payment Service Provider or ASPSP** - means the third-party payment service provider, such as a bank, with whom you or the End User holds a Source Account which we will access when you use PIS.

**End User** - means the payment service user who wishes to initiate a payment using PIS, and who holds a Source Account.

**Information** - means in relation to PIS, means any information related to you, and any personal information related to the End User.

**Payment Initiation** - means either (i) a payment order initiated at your request from your Source Account to your Modulr Account; or (ii) a payment order initiated at the request of an End User from their Source Account to your Account(s);

**Payment Initiation Service or PIS** - means a service to initiate a payment from a Source Account, as more particularly described in clause 3.

**Source Account** - means a payment account accessible online which you or an End User holds with an ASPSP.

### 3. OUR SERVICES

**3.1** You can only use PIS if you have an Account. You can continue to use PIS as long as you continue to hold an Account.

**3.2** You will be able to use our PIS to:

**3.2.1** add funds to your Modulr Account from a Source Account;

**3.2.2** allow an End User to initiate a payment from a Source Account to your Account.

**3.3** When using PIS, the End User will be redirected to its ASPSP, where they will be asked to login using ASPSP credentials and consent to the Payment Initiation from the Source Account.

**3.4** We are not responsible for the services or provided by the ASPSP. The services provided in relation to the Source Account are subject to a separate agreement between you and your ASPSP, or the End User and their ASPSP.

### 4. END USERS

**4.1** If you are the End User, you must have read and accepted the End User Terms and Conditions prior to using PIS.

**4.2** We will not be able to revoke a transfer from a Source Account once it has been confirmed by an End User.

### 1. USE OF PIS

**5.1** It is agreed that PIS will only be available to End Users, and the use of PIS is restricted to the following use cases:

- (a) Account funding of a Modulr Account;
- (b) Pay-out from an external account using open banking;
- (c) Collections, which for the purposes of this Schedule 9, shall mean payments into a Modulr Account using open banking.

## **6. SECURITY**

**6.1** You must not allow another person to use security information necessary to use PIS;

**6.2** We can restrict or suspend your ability to use PIS, including refusing to initiate the payment from a Source Account, if we are concerned about the security of your access to the Online Portal or the API, using PIS is causing or could cause a breach of these Terms and Conditions or if we have reasonable grounds for suspecting that you or a third party has committed or is about to commit a crime or other abuse in connection with your use of our API or Online Portal.

**6.3** If we restrict or suspend your use of PIS or refuse to initiate the payment from a Source Account, we will, without undue delay and provided we are legally permitted to do so, notify you. If possible, we will provide the reasons for this and where it is possible will provide reasons for the restriction or suspension and where those reasons relate to factual matters, the procedure of rectifying any factual errors that led to the restriction or suspension. Where we need to contact you, we will use the contact details associated with your Account, such as email, or telephone. You should inform us without delay if your contact details change.

## **7. DISPUTES AND INCORRECT TRANSACTIONS**

**7.1** If you or the End User have a reason to believe that a payment from a Source Account initiated by us was unauthorised or was made incorrectly, the owner of the Source Account (i.e. you or the End User, as the context allows) should contact their ASPSP to resolve their query and we will cooperate with the ASPSP's investigation in to such payment. Where we believe that the incorrect payment was due to our error in respect of the part of the Payment Initiation we were responsible for, we will refund the incorrectly initiated payment back to the original Source Account.

**7.2.** You will be liable for all payments initiated through our API or Online Portal if you have acted fraudulently or with gross negligence (for example failed to keep your security information such as but not limited to the Online Portal log in details and API security details or Source Account credentials safe).

## **8. YOUR LIABILITY**

**8.1** You are responsible for understanding and complying with these PIS Terms and Conditions.

**8.2** You agree to indemnify and hold harmless, us, Modulr and our distributors, partners, agents, sponsors, and service providers and their group companies from and against the costs of any legal action (including any loss arising from action taken by a Regulator) taken to enforce these PIS Terms and Conditions and/or any breach of these PIS Terms and Conditions by you, including in respect of any non-compliance with clauses 4.1 of these PIS Terms and Conditions.

## **9. OUR LIABILITY**

**9.1** In addition to our liability set out in the Modulr Account Terms and Conditions (whether arising in contract, tort (including negligence), breach of statutory duty or otherwise), where a Payment Initiation is incorrectly made from a Source Account due to our default, our liability shall be limited as appropriate (i) to refund to you an equivalent amount to which was incorrectly deducted from your Source Account; or (ii) to refund to the End User of an equivalent amount to that which was incorrectly deducted from their Source Account.

## **10. TERMINATION**

**10.1** These PIS Terms and Conditions will apply each time you use PIS in relation to your Account.

**10.2** We can terminate your access to PIS at any time if we give you two months' notice.

**10.3.** We can terminate your access to PIS at any time with immediate effect (and until your default has been remedied or these Terms and Conditions terminated) without any prior notice to you if:

**10.3.1** we discover any of the Information that we hold for you is incorrect; or

**10.3.2** if we have reason to believe that you or a third party has committed or is about to commit a crime or other abuse (including fraud) in connection with your use of PIS; or

**10.3.3** you have breached these Terms and Conditions.



## ANNEX 1 TO SCHEDULE 3 – End User PIS Terms and Conditions

### Important information you need to know.

These End User PIS Terms and Conditions (“**Terms and Conditions**”) form the agreement between Modulr FS and you and sets out the terms that apply to your use of PIS as defined below.

Please read these Terms and Conditions carefully before you agree to use PIS provided by us.

By using PIS, you accept the terms of these Terms and Conditions. If there is anything you do not understand, please contact Customer Services using the contact details set out below. You can also request a copy of these Terms and Conditions at any time by contacting Customer Services.

### 1. DEFINITIONS

**Account Servicing Payment Service Provider or ASPSP** – the third-party payment service provider, such as a bank, with whom you hold an online payment account (Source Account) which we will access when you use our Service.

**Customer Services** - the contact centre for dealing with queries about our Services, who can be contacted at [support@modulrfinance.com](mailto:support@modulrfinance.com) or 0303 313 0060.

**Data Protection Laws** – the following, to the extent they are applicable to a party: the General Data Protection Regulation (EU) 2016/679, the Electronic Communications Data Protection Directive 2002/58/EC, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and all applicable laws and regulations relating to processing of personal data and privacy (as amended or replaced from time to time), including where applicable the guidance and codes of practice issued by the Information Commissioner (in the United Kingdom) or other applicable supervisory authority.

**Information** - means in relation to PIS, means any information related to you, and any personal information related to the End User.

**Modulr** – Modulr Finance Ltd, a company registered in England and Wales with number 09897957 and whose registered office is at Scale Space, 58 Wood Lane, London, W12 7RZ. Modulr Finance Ltd (FRN: 900699) is a registered agent of Modulr FS Ltd.

**Modulr Account** - the electronic account provided by us to the merchant.

**Payment Initiation Service or PIS** – means a service to initiate a payment at your request from a Source Account held by you, as more particularly described in clause 3.1.

**Source Account** – a payment account accessible online which you hold with an ASPSP;

**we, us, our or Modulr FS** - Modulr FS Ltd, a company registered in England and Wales with number 09897919 and whose registered office is at Scale Space, 58 Wood Lane, London, W12 7RZ and who is regulated by the Financial Conduct Authority for issuance of electronic money under FRN 900573, or Modulr acting on Modulr FS Ltd’s behalf.

**you, your** - the payee who wishes to use PIS to send funds to a destination account.

### 2. SCOPE OF THESE TERMS AND CONDITIONS

**2.1** These Terms and Conditions apply to your use of PIS. We are authorised by the Financial Conduct Authority (FRN 900573) for the issuance of electronic money and providing payment services, including payment initiation services. Your rights and obligations relating to the use of PIS are subject to these Terms and Conditions between you and us.

**2.2** These Terms and Conditions are written and available only in English and we undertake to communicate with you in English regarding any aspect of your use of PIS.

### 3. OUR SERVICES

**3.1** You will be able to initiate a payment from your Source Account to the destination account or set up a Standing Order. You will need to select the linked Source Account and the amount when you ask us to initiate the payment.

**3.2** We may use internet providers, web browsers and other third parties to access your Source Account held with the ASPSP, so that we can transmit the information relating to your Source Account or initiate the payment.

**3.3** The services provided to you in relation to your Source Account are subject to a separate agreement between you and the ASPSP. We are not responsible for the services or provided to you by the ASPSP.

### 4. USING THE SERVICES

**4.1** Each time you use our PIS, you are giving us your explicit consent to initiate the payment from your Source Account to the destination account for the amount you select at the time of your request.

**4.2** With your consent, and at your request, we will initiate a payment from your source Account to the required destination account.

**4.3** We do this by redirecting you to your ASPSP, where you will be required to login to your online banking application and authenticate using the security credentials issued by your ASPAP (such as your user name, password and/or other security information (such as answers to challenge questions or one-time-passcodes) (“**Security Credentials**”)).

**4.4** Your ASPSP will then ask you to review the intended payment and select the Source Account from which it will be made.

**4.5** If you agree then the payment initiation will be executed and your ASPSP will make the payment (subject to any standard checks that your ASPSP carries out).

**4.6** You will never be asked by us, or the partner that is making the service available to you, to share your security credentials such as your username or password.

**4.7** We will not be able to revoke a transfer from your Source Account once you have confirmed it.

## **5. FEES**

We will not charge you any fees for using PIS.

## **6. SECURITY**

**6.1** You must not:

**6.1.1** allow another person to use security information necessary to use PIS;

**6.1.2** write down password(s) or any security information unless this is done in a way that would make it impossible for anyone else to recognise any of that information; or

**6.1.3** disclose passwords or any security information, or otherwise make them available to any other person, whether verbally or by entering them in a way that allows them to be observed by others.

**6.2** We can restrict or suspend your ability to use PIS, including refusing to initiate the payment from your Source Account, if we are concerned that using PIS is causing or could cause a breach of these Terms and Conditions, or if we have reasonable grounds for suspecting that you or a third party has committed or is about to commit a crime or other abuse in connection with your use of our PIS.

**6.3** If we refuse to initiate the payment from your Source Account, we will, without undue delay and provided we are legally permitted to do so, notify you, via the merchant. If possible, we will provide the reasons for this and where it is possible will provide reasons for the restriction or suspension and where those reasons relate to factual matters, the procedure of rectifying any factual errors that led to the restriction or suspension.

## **7. DISPUTES AND INCORRECT TRANSACTIONS**

**7.1** If you have a reason to believe that a payment from your Source Account initiated using our PIS was unauthorised or was made incorrectly, you can contact your ASPSP to resolve your query and we will cooperate with the ASPSP's investigation into such payment. Where we believe that the incorrect payment was due to our error in respect of the part of the initiated payment we were responsible for, we will refund the incorrectly initiated payment back to the original Source Account.

**7.2.** You will be liable for all payments initiated through our PIS if you have acted fraudulently or with gross negligence (for example failed to keep your security information or Source Account security credentials safe).

**7.3** In circumstances where payment is initiated from your Source Account by us is disputed by you or your ASPSP, if we require your support to enable us to establish the cause of the incorrectly initiated payment, you agree to provide us with all assistance that we reasonably require.

## **8. YOUR LIABILITY**

**8.1** You are responsible for understanding and complying with these Terms and Conditions.

**8.2** You agree to indemnify and hold harmless, us, Modulr and our distributors, partners, agents, sponsors, and service providers and their group companies from and against the costs of any legal action taken to enforce these Terms and Conditions and/or any breach of these Terms and Conditions by you.

## **9. OUR LIABILITY**

**9.1** Our liability in connection with these Terms and Conditions (whether arising in contract, tort (including negligence), breach of statutory duty or otherwise) shall be subject to the following exclusions and limitations:

**9.1.1** we shall not be liable for any default resulting directly or indirectly from any cause beyond our control;

**9.1.2** we shall not be liable for any loss of profits, loss of business, or any indirect, consequential, special or punitive losses;

**9.1.3** where payment is incorrectly initiated from your Source Account due to our default, our liability shall be limited to refund to you of an equivalent amount to that which was incorrectly deducted from your Source Account.

**9.2** Nothing in these Terms and Conditions shall exclude or limit our liability for death or personal injury resulting from our negligence or fraud.

**9.3** To the extent permitted by law, all conditions or warranties implied by law, statute or otherwise are expressly excluded.

**9.4** The above exclusions and limitations set out in this paragraph shall apply to any liability of our affiliates and other suppliers, contractors, agents or distributors and any of their respective affiliates (if any), to you, which may arise in connection with these Terms and Conditions.

## **10. VARIATION**

**10.1** Each time you use our PIS you will be bound by the Terms and Conditions in force at that time.

**10.2** If any part of these Terms and Conditions are inconsistent with any legal requirements then we will not rely on that part but treat it as if it did actually reflect the relevant legal requirement. If we need to make operational changes before we can fully comply with the new regulatory requirement, we will make those changes as soon as reasonably practical.

## **11. TERMINATION OR SUSPENSION**

**11.1** We may at any time terminate or withhold your access to all or any part of our PIS at any time, effective immediately:

**11.1.1** if you have breached any provision of these Terms and Conditions (or have acted in a manner which clearly shows that you do not intend to, or are unable to comply with the provisions of these Terms and Conditions); or

**11.1.2** if we, in our sole discretion, believe we are required to do so by law (for example, where the provision of the PIS to you is, or becomes, unlawful).

## **12. YOUR INFORMATION**

**12.1** You may provide us with your Information from time to time in connection with your use of PIS. Some Information, especially the Account Information, will be necessary for us to provide you with the PIS under these Terms and Conditions.

**12.2** We and our affiliates are committed to maintaining your Information in accordance with the requirements of the Data Protection Laws. You acknowledge and agree that any Information provided by you or a third party on your behalf to us shall be used, kept and may be disclosed to third parties in accordance with our Privacy Policy which is available on our website. We will take all reasonable steps to ensure that your Information is kept secure against unauthorised access, loss, disclosure or destruction. Except as required by law, or in accordance with these Terms and Conditions, your Information will not be passed to anyone without your permission.

**12.3** You explicitly consent to us accessing, processing and retaining any Information you provide to us for the purposes of providing payment services to you. This does not affect any rights and obligations you or we have under Data Protection Laws. You agree that we can use your Information in connection with the PIS, to enable us to review, develop and improve our products and services. This may involve providing your Information to our partners, affiliates, agents, distributors and suppliers to process transactions and for their statistical research and analytical purposes. We may also disclose your Information as required by law, regulation or any competent authority or agency to investigate possible fraudulent, unlawful or unauthorised activity. You may withdraw your consent at any time. If you do this, we will stop providing our PIS to you and stop using your Information to provide payment services to you. We may continue to process your Information for other purposes, for example where we are required by law to do so.

**12.4** If we discover that the Information we hold about you is incorrect, we may have to suspend or cancel your access to the PIS until we can establish the correct Information, in order to protect us both.

## **13. COMPLAINTS PROCEDURE**

**13.1** Complaints regarding any element of the PIS provided by us can be sent to Customer Services.

**13.2** All complaints will be subject to our complaints procedure. We will provide you with a copy of our complaints procedure upon request and, if we receive a complaint from you, a copy of our complaints procedure will automatically be posted or emailed to you.

**13.3** In most cases we will provide a full response by email to your complaint within fifteen business days after the date we receive your complaint. In exceptional circumstances where we are unable to respond in full to your complaint, we will inform you of this giving our reasons for the delay and the timeframe within which you will receive a full reply, which in any event shall be within thirty-five days of the date we received your complaint.

**13.4** If we fail to resolve your complaint to your satisfaction you may refer your complaint to the Financial Ombudsman Service (Exchange Tower, London E14 9SR, phone 0800 023 4567). Details of the service offered by the Financial Ombudsman Service are available at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## **14. GENERAL**

**14.1** Any delay or failure to exercise any right or remedy under these Terms and Conditions by us shall not be construed as a waiver of that right or remedy or preclude its exercise at any subsequent time.

**14.2** If any provision of these Terms and Conditions is deemed unenforceable or illegal, the remaining provisions will continue in full force and effect.

**14.3** You may not assign or transfer any of your rights and/or benefits under these Terms and Conditions and you shall be the sole party to the contract between us. We may assign our rights and benefits at any time without prior written notice to you. We may subcontract any of our obligations under these Terms and Conditions.

**14.4** Save for Modulr, who act on our behalf, no third party who is not a party to these Terms and Conditions has a right to enforce any of the provisions in these Terms and Conditions.

**14.6** These Terms and Conditions are governed by English law, and you agree to the exclusive jurisdiction of the courts of England and Wales.

