

Combined Financial Services Guide and Product Disclosure Statement

Provided by Payleadr Pty. Ltd. (ABN 69 615 881 162)
Australian Financial Services Licence No. 501914



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About us and this document

This document is a combined Financial Services Guide (**FSG**) and Product Disclosure Statement (**PDS**). The purpose of this document is for you to understand the financial services that we provide and whether you would like to acquire our financial product. It is split into two parts – the FSG and PDS. Terms defined or incorporated in either part will apply to the other unless otherwise expressed.

Payleadr Pty Ltd ABN 69 615 881 162 (**Payleadr, we, us, our**) is a financial services company that provides an automated direct debit solution to businesses through its online and mobile phone platform. The platform facilitates the collection of recurring fees owing from the businesses' customers according to payment plans that are configured by the business and agreed by the customer through the platform (**Platform**). The Platform removes all paper-based forms and manual processes that are all too common in facilitating direct debits the traditional way.

Financial Services Guide

1. Important information

This FSG has been prepared by Payleadr.

This FSG is designed to assist you make an informed decision about whether to use our financial services. It contains important information about:

- the financial services we provide and documents you may receive in respect of those services;
- the remuneration that we may receive for providing the financial services to you; and
- how you can make a complaint to us and how we will deal with your complaint.

2. Documents you may receive

You will receive this document at the time we think that we may provide you with a financial service. The FSG is intended to be provided before you decide to acquire any financial services from us. The PDS provides you with information about the Platform, its features, benefits, risks, costs and other relevant information and is intended to be provided to you before you decide to acquire the Platform. The FSG and PDS have been combined in accordance with section 942DA of the Corporations Act.

We are the issuer of the Platform, which is a non-cash payment facility which facilitates the payment of direct debits from credit cards, debit cards and bank accounts. The Platform is governed by General Terms and Application Form, both of which can be obtained by contacting us.

The Platform is also governed by our Website Terms and Privacy Policy, which are also available at our website at www.payleadr.com.

You should read the General Terms, Website Terms and Privacy Policy before you decide to acquire the Platform.

We may also publish guidelines regarding the use of the Platform on our website from time to time.

3. Financial services we can provide

We are the issuer of the Platform. We may provide general advice on the Platform and any basic deposit product (such as a transaction account with an ADI) that may be used by a business to receive funds from direct debit payments processed by the Platform. General advice does not take into account your

personal circumstances. You should obtain your own independent advice if you would like advice on whether the Platform (or receiving payments from customers via direct debit) is appropriate for your circumstances.

We hold an AFSL and are authorised to provide the following financial services to retail and wholesale clients:

- provide general financial product advice on non-cash payment products and basic deposit products; and
- deal (issue, apply for, acquire, vary or dispose) or arrange for another person to deal in non-cash payment products.

We provide financial services to you as principal and do not act on behalf of any other person or licensee.

4. How to provide us with instructions

You will be issued with the Platform once we have approved your Application Form. We may accept or reject the Application Form in our discretion. Any instructions in relation to a direct debit arrangement (i.e. setting up, amending or cancelling a direct debit payment plan) must be provided to us through the Platform.

If you have any issues with accessing or using the Platform, you can give us instructions or contact us for help by using the contact details set out in this document.

5. How we are paid

We will be entitled to the fees and costs set out in the PDS. Please refer to clause 2 of the PDS. We are not entitled to any other remuneration.

6. How our employees are paid

Our employees are remunerated by way of salary and a discretionary bonus that may be paid by us from time to time. The discretionary bonus does not relate to general advice provided by the employees but rather is based on the individual performance of the employee (which is measured by various quantitative and qualitative factors) and our overall performance.

7. Referrals and partnership programs

We may establish partnership and referral programs with industry bodies, software providers, social media influencers, accounting practices and independent sales organisations under which those parties may refer clients to us in return for a referral fee. How this referral fee is determined will be disclosed to you by those parties at the time they make the referral. If you have not received this information, please contact us.

8. Remuneration disclosure

As the remuneration and benefits described in sections 5 and 7 cannot be ascertained at the time this document is given to you, you may within a reasonable time after receiving this document (and before we provide you with any financial services) request from us additional information in relation to the remuneration we receive as a result of providing those services to you.

9. Complaints

We are committed to providing you with exceptional services. However if you have any complaint please follow the procedure set out below:

Step 1

Please contact us:

Mail: PO Box 433
Rose Bay
NSW 2029

Email: info@payleadr.com

Please explain the complaint in detail. We will review the complaint and, if possible, will seek to resolve it immediately.

If you are happy with the outcome, you do not need to do anything further. However if you are not happy with the outcome, please contact us and our compliance officer will review your complaint and the proposed resolution. The compliance officer will contact you with his or her decision.

Step 2

If you are not satisfied with the decision of the compliance officer or we do not respond to you within 45 days after you make the initial complaint, you can contact the Financial Ombudsman Service (**FOS**). We are a member of FOS, which is an independent dispute resolution scheme. You can only complain to FOS once you have followed the procedure above.

FOS' details are:

Telephone: 1800 367 287
Website: www.fos.org.au
Mail: GPO Box 3
Melbourne VIC 3001

10. Compensation arrangements

We hold professional indemnity insurance which covers the financial services we are authorised to provide. This professional indemnity insurance complies with the requirements set out in section 912B of the Corporations Act.

11. Associations and relationships

We are required to disclose any associations or relationships between us, our related entities and product issuers that could reasonably be capable of influencing the financial services we provide to you. No such associations or relationships exist.

12. Contact us

Contact us at:

Email: info@payleadr.com

Address: PO Box 433
Rose Bay
NSW 2029

Product Disclosure Statement

1. Important Information

This Product Disclosure Statement (**PDS**) has been prepared by Payleadr.

The date of this PDS is 28 February 2018.

The PDS covers the Platform, which is issued by Payleadr.

The PDS has not been lodged with the Australian Securities and Investments Commission (**ASIC**) and does not need to be lodged with ASIC. ASIC takes no responsibility for the contents of the PDS.

This PDS is an important document. It is intended to assist you to decide whether the Platform described in this PDS is appropriate for you.

The information in this PDS has been prepared without taking into account your personal circumstances, needs or objectives. Nothing is intended to constitute investment, legal, tax, accounting or other professional advice and you should seek professional advice on whether the Platform is appropriate for your particular circumstances.

The PDS may only be used by persons who receive it in Australia. The information in this PDS does not constitute an offer in any jurisdiction other than Australia. The distribution of this PDS in jurisdictions outside Australia is limited and may be restricted by law. Persons who come into possession of this PDS who are not in Australia should seek advice on any such restrictions that apply.

The information in this PDS is subject to change and is up to date at the date of this PDS. Where new information is materially adverse, we will issue a new PDS or supplementary PDS. However where the information is not materially adverse, we will not issue a new PDS or supplementary PDS but you will be able to find the updated information on our website at www.payleadr.com.

2. Platform

You must apply to acquire the Platform by completing the Application Form. We may accept or reject the Application Form in our discretion.

The Platform is a financial product that is regulated by the Corporations Act. It provides you with a direct debit solution by facilitating the payment of fees owing by your customers in accordance with any tailored payment plan agreed between you and your customer.

The Platform operates in the following manner:

- At the point of sale, you (which for these purposes, includes any employees you have authorised to use the Platform) log into the Platform to configure a payment plan for your customer.

- You select the payment frequency and first payment date.
- You then input the instalment amount to be paid by the customer at the selected payment frequency.
- You then input the minimum number of payments payable by the customer under the plan (i.e. the minimum term of the payment contract).
- Upon completion of the payment plan, you are presented with a screen to input the mobile phone number of the customer.
- The customer then receives an SMS containing a personalised link to their secure payment plan application form.
- The payment plan application is completed using OCR (optical recognition technology) which is facilitated using the camera attached to the customer's smart phone.
- The customer is prompted to photograph their driver's licence or proof of age card to capture their name, date of birth and address information.
- The customer is prompted to photograph their debit card or credit card to capture their payment information.
- The customer is then presented with a summary of the payment plan they have committed to along with the contact and payment information captured via OCR. The customer is prompted to confirm this information.
- The customer then receives an SMS confirming the successful completion of the application along with a link to the terms and conditions of their application.
- The direct debit arrangement is completed.

The Platform also provides your business with tools it needs for its invoicing and collection cycles, including by providing comprehensive reporting and credit control communication templates as well as scheduling.

We will engage a third-party to facilitate direct debit payments processed through the Platform. Funds will initially be settled and transferred from the customer's bank to the third-party's trust account. Those funds (once they have been cleared) are then remitted to our trust account. We will hold those funds in our trust account as well as funds owing to other businesses using the Platform. On a business day each week, we will then settle funds owing to you (less fees and charge you owe us) and pay such funds to your settlement account. No interest will accrue on the funds while they are held in our or the third-party's trust account.

We may also use a third-party service provider to provide us with fraud screening and identity verification services.

Key features

The key feature of the Platform is that it allows your business to easily accept direct debit payments from customers' credit cards, debit cards and bank accounts.

Other features of the Platform are:

- it provides you with more flexibility to set up payment plans that are tailored, meet the customers' needs and hopefully maximise collection success rates;
- the entire process of setting up a direct debit arrangement is conducted online on the Platform, which is easy and efficient for your business and improves customer satisfaction. This is in contrast to the traditional method of setting up direct debit arrangements, which is heavily reliant on paper based, manual and often cumbersome processes;
- it's provided online and is compatible to desktop and mobile devices;
- it contains sophisticated fraud screening services which aim to reduce the level of chargebacks and reversals;
- it's PCI DSS (Payment Card Industry Data Security Standard) compliant, which is a security standard mandated by the major card schemes that seeks to maximise the protection of your customers' card and bank details;
- it's generally available at all times, subject to any breakdown or scheduled maintenance;
- it contains tools to support your businesses' invoice and collection cycles; and
- no interest accrues on funds held in our or any third-party's trust account.

Significant benefits and risks

The significant benefits of the Platform include:

- *Online*

Payment plans and direct debit requests can be set-up online through the Platform. The process is quick and simple. No paper-based forms or documents need to be retained by the business.

- *Accept direct debits*

You can accept payments from debit cards, credit cards and bank accounts held with an Australian ADI.

- *Tailored payment plans*

You can customise payment plans with your customers (i.e. date and time of payment, frequency etc.) which best suits the customer's needs. This should lead

to greater customer satisfaction as well as maximise collection success rate given direct debit payments occur automatically and do not rely on the cooperation of the customer.

- *No costs to operate the Platform*

No costs are payable in respect of opening and holding the Platform. However fees and charges will be incurred for each transaction, reversal or chargeback transactions processed by the Platform. Failed payments may also attract fees and charges. See more in section 2.

- *Efficient collection of fees*

Direct debits provide your business with an efficient and automated method of collecting recurring fees owing to you. It provides you with more revenue and budgeting certainty.

- *Flexibility and convenience*

Subject to any breakdown or scheduled maintenance, the Platform will be available at all times, which provides you with flexibility to enter into payment plans with your customers at any time.

- *PCI DSS compliant*

The Platform is PCI DSS compliant which provides you with greater comfort that your customer's card or bank details are safe and secure.

The significant risks of the Platform include:

- *No interest*

Direct debit payments will be settled to our trust account on each business day, but we will only remit cleared funds on a weekly basis (on a business day). You will not be entitled to any interest accrued on funds held in our or any third-party's trust account.

- *Unauthorised access*

There is a risk of unauthorised access to the Platform. This access may be by someone within or external to your business and that person may use or view the information on the Platform or send instructions to us to amend, suspend or cancel payment plans. Under the General Terms, you will be liable for any instructions provided to us on the Platform, even if you did not authorise such instructions. You should not provide your username or password to the Platform anyone and we recommend that you regularly update your password.

- *Cyber security risk*

The Platform is only available online. Thus, there is a risk that the Platform may be hacked or accessed by an unauthorised person.

Like with most services that are provided online, there is also a risk that your device from which you access the Platform will be exposed to a virus, worm, trojan horse or other harmful component.

- *Payment reversals and chargebacks*

While the Platform contains fraud screening capabilities, there is a risk that a customer may seek to reverse or chargeback a transaction processed by the Platform (i.e. the customer did not authorise the transaction or you did not provide the goods or services that you were supposed to provide to the customer). You will be liable to us for the amount of the reversed transaction as well as any fees we charge for processing the reversal.

- *Counter-party risk*

We rely on a third-party to process direct debit transactions made through our Platform. The funds collected from those transactions are initially held in the third-party's trust account and are then transferred to our trust account.

Counter-party risk is the risk that the other party may default on their contractual obligations. There is a risk that we or the third-party may default on performing obligations to you. This may result in the unexpected cancellation or suspension of services or the failure to pay moneys owing to you. You will have a credit exposure to us between the time we debit your customer's account and pay those funds (less our fees) to your bank account.

- *IT risk*

The ability to arrange or amend a payment plan depends on the Platform's availability, which in turn is dependent on the internet and other IT infrastructure. While we have established business continuity plans and risk management systems, there is a risk that the Platform will not be accessible due to a breakdown, cyber-attack, operational failure, scheduled maintenance or other similar causes.

- *Holding back funds*

We will hold funds processed from direct debit transactions in our trust account and remit cleared funds to you each week (on a business day). However we have the right to withhold paying those funds to you if we suspect that you have acted fraudulently, illegally or are otherwise in contravention of any relevant laws.

- *Legal risk*

By opening and holding the Platform, you have agreed to comply with the General Terms, Website Terms and Privacy Policy. There is a risk that you may be unable to comply with these terms, in which case you will be in breach. If you breach these terms, we may enforce our rights against you, which may include terminating the Platform or taking action to recover amounts of money that we have lost, incurred or are otherwise entitled to claim from you.

Fees and charges

- *Establishment Fee* – collected along with a customer's first instalment: Up to \$50.00 (excl. GST).
- *Transaction Fee* – applied to each instalment: Up to 5.00% and/or up to \$5.00 (excl. GST).
- *Late Payment Fee* – added to the outstanding balance of a customer's account for each failed/dishonoured payment: Up to \$20.00 (excl. GST).

Tax implications

Funds received by you from direct debit payments will be treated for tax purposes in the same manner as revenue received through traditional payment methods (i.e. cash or merchant terminal transactions). Chargebacks and reversals may be subject to special taxation rules or concessions and you should obtain professional advice from a tax adviser with respect to these and any other special implications that the Platform may have on you.

Cooling-off rights

No cooling-off rights apply to the Platform. However, you can terminate the Platform at any time. If you terminate the Platform, we will arrange for any outstanding transactions to be processed, but will not process any new transactions. We will have the right to withhold amounts owing by us to you and set-off those amounts against amounts which you owe us.

Legal terms and conditions

The terms of the Platform are set out in the General Terms, which can be obtained by contacting us. You should read and understand these terms before acquiring the Platform as they primarily govern the legal relationship between you and us. You can request an electronic copy of the General Terms by contacting us. A summary of the key concepts contained in the General Terms is included in section 3.

3. Applicable laws

Privacy

We are committed to complying with the Australian Privacy Principles established under the Privacy Act. Our Privacy Policy sets out detailed information about how, why and when personal information is collected, disclosed, used, stored and otherwise handled by us. Our Privacy Policy is available at www.payleadr.com. You may request a copy of our Privacy Policy in hard copy.

Our Privacy Policy sets out:

- the purposes for which we collect your personal information;
- the consequences if you don't provide your personal information to us;

- the third parties to which we disclose your personal information;
- how to access and seek correction of your personal information;
- how to complain about a breach of our obligations in respect of your personal information and how we will deal with such a complaint; and
- whether your personal information is likely to be disclosed by us to overseas entities and in which countries these entities reside.

AML-CTF Laws

The AML-CTF Laws require us to collect and verify certain identification information about you. We will collect personal information from third parties to verify your identity for this purpose as well.

We may be required to disclose certain information about you to AUSTRAC. We may not be permitted to tell you when this occurs. We may also be prohibited from fulfilling our obligations to you, such as continuing to provide you with the Platform. We may also be required by the AML-CTF Laws to delay or suspend the Platform.

General Terms

The General Terms primarily govern your relationship with us in relation to the Platform. Key concepts addressed in the General Terms are:

- Your rights in relation to your use of the Platform;
- the fees and charges applicable for the use of the Platform; and
- our rights in relation to the provision of the Platform to you by us.

The above dot points are a summary of the key terms in the General Terms and not a substitution for the General Terms. We strongly encourage you to read and understand the General Terms, the Privacy Policy and Website Terms before acquiring the Platform.

4. Contact us

Please refer to section 12 of the FSG for details on how to contact us.

