

FINLOGIC TECHNOLOGIES INDIA PRIVATE LIMITED

MERCHANT ON-BOARDING POLICY

Introduction

Finlogic Technologies India Private Limited (“Company” or “Finlogic” or “we” or “us”) is engaged in providing the payment intermediary services to its Merchants, which allows the Merchants to collect payments in a secure, transparent, affordable, and convenient manner from their end customers. When we on-board merchants, we need to address certain risks that arise, like identifying potential fraudsters & shell Companies, excessive chargebacks, money laundering, tax evasion, etc. For this, the Reserve Bank of India (“RBI”) has vide its ‘Guidelines on Regulation of Payment Aggregators and Payment Gateways’ dated March 17, 2020 (“PA” Guidelines”) has mandated every Payment Aggregator to have a Board approved Merchant On-boarding Policy. This Merchant on-boarding policy document defines the process to onboard merchants effectively with required controls in place. This policy should be read in conjunction with Finlogic’s Policy on Know Your Customer (KYC), Anti Money Laundering (AML) & Combating of Financing of Terrorism (CFT).

Objective

The Policy has been prepared with the objective to establish a framework for the implementation of adequate merchant on-boarding processes, procedures and controls to ensure that the merchants on-boarded do not have any mala-fide intention of duping their customers or to sell fake / counterfeit / prohibited products, etc.

Principles

Our assessment and evaluation processes of the merchants are primarily based on: (i) the guidelines and rules framed by the RBI under its PA Guidelines and other applicable rules and regulations such as Prevention of Money Laundering Act, 2002, Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, RBI Master Directions- Know your Customer Direction, 2016, (“KYC Master Directions”) etc.; (ii) advice and counsel of consultants; (iii) prevailing industry best practices; and (iv) our own zeal to provide our merchants and customers a safe, trusted, reliable and a secure platform to allow exchange of payments all across. These assessments, evaluations and processes shall be updated from time to time as per the regulatory guidelines formulated and enforced.

Merchant On-boarding Process:

The below Merchant on-boarding process supports us to comply with applicable laws, rules & regulations and to mitigate the risks.

1. Merchant KYC Documents:

As per the applicable rules, regulations & Company's policy on Know Your Customer (KYC), Anti Money Laundering (AML) & Combating of Financing of Terrorism (CFT) the KYC identification documents such as address proof, description of business model, business related documents/ certifications, bank details, details required in Merchant On-boarding Form & other documents required to verify the identity & credibility of the merchant shall be collected.

Merchant KYC requirements are tailored to the type of merchant being on-boarded including PAN, Board Resolution, Address proof, GST, verify beneficial ownership using shareholders and directors list with other documents for proper due diligence.

2. Merchant Screening

The screening process of merchants will be carried out based on the documents shared by merchants to verify the nature, authenticity of a merchant. Merchant Screening will protect organizations from inadvertently dealing with sanctioned or high-risk Merchants, thereby reducing legal, financial and reputational risks.

Furthermore on-boarding screening of directors, individual promoters, shareholders with ownership of/entitlement to more than 10% of shares or capital or profits of the company and senior management of the prospective merchant will be carried out as per company's KYC, AML and CFT Measures policy.

3. Merchant Evaluation & Risk Assessment

A process of evaluating and assessing a prospective merchant as well as a detailed risk assessment of the prospective merchant's based on the KYC identification documents and other variety of factors including but not limited to the pre-screening, merchant history check, business details such as business/legal name mismatch, incorrect web URL shared, business model and functioning, business owners check, Website check and checking for 'restricted

business' activities etc. is undertaken to provide efficiency, remove bias and cross-verify the assessments of each team. It is imperative for a merchant that its website shall clearly indicate the customer grievance redressal mechanism and terms and conditions of the service and time-line for processing returns and refunds.

After the detailed risk assessment, on the basis of risk involved, the Merchant shall be categorized as Low, Medium or High.

If the prospective merchant is dealing in the Cross border transactions, the same shall not be on-boarded. Further, as a part of evaluation procedure, the undertaking shall be obtained from the prospective merchant stating that the prospective merchant is not dealing in the cross border and/or crypto transactions.

4. Security Assessment

Finlogic requires Merchants to implement security controls as recommended by PA Guidelines to safeguard payment operations and sensitive data and shall provide complete access to Finlogic to undertake comprehensive security assessment during merchant on-boarding process or as and when required.

The Merchant shall comply with applicable laws related to security of personal data.

For the Merchants classified in the category of High or Medium Risk, the Company shall independently conduct a security assessment to validate adherence to the required controls.

For Merchants classified in the category of Low Risk, the Company shall obtain Regulatory Information Security/ Cyber Security audit reports or Compliance Certifications (e.g., ISO 27001), or an undertaking confirming the implementation of baseline security controls.

5. Further Documentation (need basis) and Approval:

Once all the documentation has been submitted and a preliminary check conducted, discussions are now entered into with the prospective merchant concluding discrepancies (if any). Pursuant to preliminary review undertaken, an interim decision may be rendered to the prospective merchant in regard to the Company's services.

Further, if any other documents required under Policy on KYC, AML and CFT Measures, additional documentation and clarifications if required, are to be sought from the prospective merchant for completion of on-boarding procedure.

Company may carry out a security audit of the merchant to check compliance by them, as and when required.

6. Final scrutiny:

Pursuant to final discussions and successful completion of the review of prospective merchant and their compliance to the satisfaction of the Company, the prospective merchant is then required to execute the agreement and other related documents, if any along with the technical integration.

7. Reports & Portal to the registered Merchant

On successful completion of verification process & registration of the Merchant, a secured portal shall be provided to the Merchant which can be accessed through the login details sent on the registered email id of the Merchant. The portal shall provide different reports related to the transactions carried out at the Merchant level along with the status of the transaction and funds.

Record Management Process

All merchant related documents such as KYC and other related information are stored and performed periodic risk review and governance on the basis of risk categorization.

Periodic due diligence and update

Ongoing due diligence checks highlighting any change in merchant's website, products/services shall be done which might lead to change in risk categorization of the Merchant done earlier.

Ongoing Merchant Monitoring

After On-boarding, the Company shall on an ongoing basis monitor the merchant on-boarded by keeping a reasonable watch on the activities, including but not limited to;

- spike in activities
- exceeding any threshold prescribed earlier,
- unusual cross border activities,
- changes in the website products,
- frequent updation in merchant profile
- adverse media attention.
- Increase in chargeback/return/refund cases

Take Notice

If any merchant is found to be availing Finlogic's services for a business / operation that is categorized as restricted business under any law of India or as per direction of concerned regulator the services rendered to the said merchant will be terminated.

Amendments/Review

This Policy shall be reviewed by the Board on an annual basis.

Finlogic reserves the right to reject or cancel on-boarding a Merchant to the PA services, at any time and where Finlogic is unable to apply appropriate checks, either due to non-cooperation of such Merchant or non-reliability of the information furnished by them.