



MEASURES FOR SAFEGUARDING FINPAY E.D.E., S.A.U. CUSTOMER FUNDS

1. INTRODUCTION AND SCOPE.

In accordance with the provisions of Law 21/2011 and Royal Decree 778/2012, FINPAY, as an entity that provides electronic money issuance services, must adopt the appropriate procedures and measures to safeguard the property rights of customers, as well as security systems to preserve the integrity, availability and confidentiality of its customers' information, and has a business continuity plan with contingency plans to guarantee, in the event of interruption of its systems and procedures, the maintenance of the service or, when this is not possible, the maintenance of the service, availability and confidentiality of customer information and has a business continuity plan with contingency plans to ensure, in the event of interruption of its systems and procedures, the maintenance of the service or, when this is not possible, the timely recovery of data and functions for the resumption of its services.

That said, this document lists the internal measures and procedures to be complied with in the area of safeguarding customer assets.

All assets related to the provision of electronic money issuance services that FINPAY provides to its customers are included within its scope, expressly mentioning the administration and custody activities, regardless of the channel through which this operation has been generated.

2. APPLICABLE PROCEDURES.

In order to ensure the protection of customer funds and cash in the performance of the activities covered by the regulations in force, the guiding principles underlying the safeguarding of assets are as follows:

- Distinction of own and customer assets:



FINPAY maintains a structure of registers and accounts for:

- Distinguish a customer's own assets from those of other customer assets and from those of FINPAY.
- Ensuring the accuracy and correspondence of issued and issued electronic money funds and cash received from customers.
- Ensure that customer funds deposited with a third party (i.e. credit institution) are distinguished from the funds and financial instruments of that credit institution and from other FINPAY funds and financial instruments, by requiring the credit institution to use accounts with a different name in its accounting, so as to differentiate the safekeeping account from other accounts operating in the general regime.

In order to comply with the above, FINPAY has established in its computer system a structure of fund accounts that allows differentiating funds on its own account from customer funds, and within these, identifies the funds of each one of them (through the sub-accounting records established by FINPAY).

This structure of assets on its own account and on behalf of customers is maintained in the credit institution that FINPAY uses to support its customers, such that FINPAY has currently designated CaixaBank as the institution with which it has opened a safekeeping account on its behalf to carry out its activity as an electronic money issuer (hereinafter, the "Credit Institution" or "Custodian").

Furthermore, in order to differentiate FINPAY's own assets from those of its customers, FINPAY has opened accounts as an operating account for payments and collections relating to the company's normal business at CaixaBank.

- Regular reconciliation of internal accounts and records with those of the credit institution holding the assets of FINPAY's customers:

FINPAY ensures the accuracy of internal records of customer-owned financial instruments vis-à-vis the third parties in whose possession they are held by performing the reconciliation processes described below:

- FINPAY guarantees the accuracy of the internal records of the funds received from its customers, carrying out the appropriate reconciliation processes



through the computer application created for this purpose.

- On a daily basis, the information received at customer and Credit Institution level is reconciled in order to check the concordance with the sub-accounting records established by FINPAY detailing the amount of e-money issued per customer, number of transactions (e.g. payments, user reloads...), number of transactions (e.g. payments, user reloads...) and number of transactions (e.g. payments, user reloads...), additions and deletions of users), gross amount, commissions, net amount, etc. Incidents arising from the comparison of balances with the credit institution are documented in a report, explaining the differences and resolution dates.

For the above purposes, the Credit Institution maintains records and accounts necessary to distinguish at any time and without delay the assets of FINPAY's customers from the assets of other customers and from its own assets.

These records and accounts are accurate and are regularly reconciled with those of third parties holding FINPAY's customer assets.

In addition, assets deposited with the credit institution are at all times distinguished by means of differently named accounts in its accounts or other equivalent measures that achieve the same level of protection.

- Selection of the depositary.

In the context of electronic money issuance operations, FINPAY must deposit funds held on behalf of its customers in accounts opened with a third party, provided that it acts with due skill, care and diligence in the selection, appointment and periodic review of that third party or Custodian.

In compliance with the above, FINPAY has taken the following into consideration in the selection of the Depositary:

- It must be an entity of recognised prestige.
- It should have high custody volumes in its relevant markets.
- It must have sufficient global experience and solvency.
- It must comply with the requirements and market practices related to the holding of such assets.



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- The impossibility of sub-depositing client assets with companies in third countries outside the OECD area.
 - The impossibility of depositing financial instruments in countries that do not sufficiently regulate the safekeeping of financial instruments on behalf of third parties.

The procedure for the evaluation and review of the quality of the Depository's services is carried out by FINPAY's Compliance Department.

The result of the evaluation is submitted to FINPAY's Legal Department, which will be responsible for determining the suitability of the proposed Custodian and authorising the election or change of Custodian.

The procedure for the evaluation and review of the quality of the Depository's services shall take into account the provisions of the relevant contract that FINPAY has signed with each Depository.

The following clauses must be included in the contract to be concluded with the depository credit institution:

- Safeguard account characteristics:

In compliance with Royal Decree-Law 19/2018, of 23 November, on payment services and other urgent measures in financial matters, which requires Payment Service Providers (PSPs) or Electronic Money Institutions (EMEs) to protect the funds they receive from third parties in a separate account, in which the funds enjoy an absolute right of segregation.

This means that in case of insolvency of the SOE/EDE, the funds in this account will not be considered the property of the SOE/EDE and the creditors of the SOE/EDE will not be able to use them to collect their claims.

The safe custody account is a special current account whose purpose is to segregate the funds of customers using the services of the PE/EDE. For this reason in this account:

- No fees may be charged on this account, therefore the holder must have opened another current account with THE BANKING ENTITY other than the



safekeeping account. Fees accrued on the safekeeping account will be debited from this linked account and never from the safekeeping account.

- The customer's debts to the institution may not be offset on the safe custody account.
- The holder may only carry out debit transfer orders on the deposit. He/she may not carry out cash transactions at the branch, by means of an ATM, direct debits, the issuance of cheques, promissory notes or securities or, in general, any other than transfer orders.
- They may not be pledged as collateral for asset transactions (pledging).
- The safe custody account shall be identified as an account that holds balances in favour of clients of the e-money institution and shall not be credited with amounts that do not belong to clients - including any interest that may be generated by positive balances on the account - nor debited with amounts that do not belong to clients, regardless of the item concerned.

The e-money institution shall periodically receive an information communication with a breakdown of the fees accrued on the safekeeping account.

After the collection of the fees, the customer will also receive an informative communication with the final details of the amount charged, and the price agreements reached with the institution must be negotiated when the safeguard account is opened.

3. FINPAY'S LIABILITY.

The ultimate responsibility for the custody and administration of its clients' funds is assumed by FINPAY.

However, FINPAY's liability, in relation to the sub-custodian, does not extend to damages or losses that may occur with respect to customer funds and/or their yields as a result of bankruptcy or insolvency of the Custodian, except if it has not acted in its selection and supervision in accordance with the above criteria to ensure the experience and market reputation of the Custodian.



As mentioned above, FINPAY has entrusted the deposit of its customers' funds to CaixaBank.

FINPAY's deposit scheme with CaixaBank is as follows:

- Cash account opened in the name of FINPAY (in Euro and foreign currency) to store customer balances.
- Every FINPAY e-money account is linked to a cash account opened in the name of FINPAY (in Euro and in foreign currency).
- This key and securities account structure ensures that the ownership of funds can be controlled at all times.

4. COMMUNICATION TO CUSTOMERS OF RELEVANT SAFEGUARDS ISSUES.

FINPAY communicates to its customers, through the General Conditions that are part of the electronic money issuance contracts, the relevant aspects of this policy.

In addition, FINPAY's asset safekeeping procedure is listed in the Special Register of e-money institutions of the Bank of Spain.

Finally, in the event that a customer requires further information regarding any specific point of this safeguarding of funds policy, such request will be channelled through FINPAY's Customer Service or the Compliance Department.

In the event of major changes to the present, FINPAY will inform its customers by publication on the website or by the use of regular mail or, where appropriate, web mail.

Madrid, 4 July 2023.