

TERMS AND CONDITIONS

For the use of payment services related to accepting payments through PHOS terminal for Android smartphone mobile application.

SECTION I: GENERAL PROVISIONS

1. These General Terms (hereinafter referred to as General Terms) shall settle the relations between Paynetics AD and a local or foreign legal entity, hereinafter referred to as Merchant regarding the use of payment services of acceptance of payments through PHOS terminal for mobile application for Android smartphone.

These General Terms shall settle the contents of the arrangement between the Merchant and Paynetics AD. Providing of these General Terms shall not create an obligation for Paynetics AD to conclude an agreement. Paynetics AD shall not be obliged to motivate their refusal to conclude Agreement with a Merchant.

To use the payment services provided by Paynetics AD for acceptance of payments through PHOS terminal, mobile application for Android smart phone, you should fully accept these General Terms together with all appendices to them and the Agreement for Processing of Personal Data, and by accepting these Terms, you confirm that you have read, you understand and accept the specified documents.

By completion of the installation procedure of the PHOS application on your mobile device, you accept and agree to observe these General Terms, together with all appendices to them. Your consent with these General Terms shall be given electronically through Your electronic statement.

The Merchant, through their legal representative, shall confirm and accept these General Terms and all appendices to them by putting a tick in the box "I agree" in execution of the procedure for registration of the Merchant at <https://www.phos.cloud> and installing PHOS application/s on the mobile device/s of the Merchant. By ticking the box "I agree" in execution of the procedure for registration of PHOS profile of the Merchant at <https://www.phos.cloud> or in PHOS mobile application shall have the meaning of an electronic signature according to the meaning of the Law on Electronic Document and Electronic Certification Services and by accepting these General Terms, the Merchant shall agree that the legal effect of the electronic signature affixed thus by their representative shall be equal to the one of the authentic signature.

Please, read carefully these General Terms and Conditions and keep a copy of them for your archive.

SECTION II: DEFINITIONS

2. In this document:

2.1. **General Terms or Agreement** shall mean this document together with:

2.1.1. Appendix 1 – Financial Terms;

2.1.2. Appendix 2 - Reserve;

2.1.3. Appendix 3 – Agreement for Processing of Personal Data;

The Agreement for Processing of Personal Data in Appendix 2 shall have a separate existence and period of validity as stipulated therein irrespective of the termination of this Agreement.

2.2. **Acquirer or Paynetics** shall mean Paynetics AD, an electronic money company duly registered and operating under the laws of the Republic of Bulgaria, registered under unified identification code (UIC): 131574695, with principal address at 76A “James Bourchier” blvd., 1407 Sofia, Bulgaria and functioning under the supervision of Bulgarian National Bank;

2.3. **Applicable Law** shall mean the law governing and regulating this Agreement. Applicable to the Agreement shall be the law of the Republic of Bulgaria. All and any disputes arising from or related to this Agreement which cannot be resolved by the Parties amicably shall be settled by the Arbitration Court at the Bulgarian Chamber of Commerce and Industry in compliance with its Rules for dispute resolution based on arbitration clauses in a panel of three arbitrators;

2.4 **Authorization** shall mean a confirmation of Transaction request granted by or on behalf of an Issuer for the Transaction to be affected, that the Transaction is within the Customer’s permitted limit and that the Customer has not reported the Card lost or stolen;

2.5 **Authorization Center** shall mean the facility or facilities designated from time to time by Acquirer, to which Merchant shall submit all requests for Authorization;

2.6. **Business Day** shall mean any day other than Saturday or Sunday, or a public or bank holiday in Acquirer’s or Merchant country;

2.7. **Card** shall mean VISA or MasterCard credit or debit prepaid cards, which may be used by a Cardholder to carry out a transaction on a Customer/ Cardholder account;

2.8. **Card association/ card schemes** shall mean a worldwide incorporated body regulating and processing specific brands of cards, namely: VISA International and MasterCard International;

2.9. **Card Rules** shall mean the rules, regulations, guidelines, policy statements and operating instructions (including, but not limited to, the PCI Standard) issued by the Card Associations from time to time. The Visa Rules for Merchants may be found at: <https://www.visaeurope.com/receiving-payments/security/merchants> and MasterCard Rules for Merchants currently may be found at: <https://www.mastercard.us/en-us/about-mastercard/what-we-do/rules.html>

2.10. **Chargeback** shall mean a reversal of a Transaction due to a dispute on the goods or services related to this transaction, in accordance with Card Schemes rules

2.11. **Customer** shall mean any individual, body corporate, association, partnership or any other entity or organization authorized to obtain and use a Card;

2.12 **Discount Rate** shall mean an amount equal to a specified percentage of the total price of each Transaction;

2.13. **ISO (Independent Sales Organization)** shall mean an organization that sells business products or services to merchants and/or acquires merchants on behalf of various types of merchant service providers;

2.14. **Issuer** shall mean an institution that issues branded payment cards to Customers;

2.15. **Fine** shall mean any fine, uplifted service fee or other additional payment as imposed by the Scheme or Acquirer to the Merchant as a result of situation such as, but not limited to, breach of Scheme Rules by the Merchant or caused by the Merchant, excessive fraud levels or excessive Chargeback levels

2.16. **Merchant** shall mean any legal entity registered within the territory of European Union (official member states) and Gibraltar which entered into Agreement with the Acquirer for the services as described in item 2.20;

2.17. **Non-Qualified Transactions** shall mean: (i) any Transaction submitted for processing more than 24 hours past the time the Authorization occurred; (ii) any Transaction missing required data;

2.18. **Reserve Account** means an amount of funds designated by Acquirer in its sole discretion that must be maintained by Acquirer and funded by Merchant in order to protect Acquirer's risks related to Transactions and the services provided pursuant to this Merchant Agreement;

2.19. **Security** means any form of security requested by PAYNETICS (in its sole discretion) from the Merchant including: a Reserve amount, bank deposit and/or bank guarantee or other such security to cover potential financial liability or indebtedness of the Merchant;

2.20. **Services** shall mean the transaction processing services rendered by Acquirer to Merchant under the Agreement and namely:

2.20.1. Authorization services for Visa, MasterCard;

2.20.2. Card Transaction processing services for Visa and MasterCard;

2.20.3. Merchant Funding;

2.20.4. Verification web portal shall be an online web-based transaction statement tool;

2.20.5. Provision and maintenance of an application - PHOS terminal in Play Store.

2.20.6. Provision of a web portal for registration of users and applications and their assigning to the relevant point of sale;

2.20.7 Integration of the merchant payment Phos applications with Acquirer's payment gateway;

2.20.8. Fraud monitoring;

2.20.9. Rebilling;

2.20.10. Gateway services;

2.20.11. **Reserve Account Management.** From time to time, Paynetics may adjust the content and interface of the Services. If such adjustments lead to a change in the software, interface or operating procedures, Paynetics will notify you as soon as reasonably practicable prior to the implementation of such adjustments

2.21. **Settlement account** - explicitly indicated by the Merchant, to which Acquirer shall transfer payments to the Merchants according to the Agreement.

2.22 **Transaction** shall mean the acceptance of a Card or information embossed on the Card, for payment for goods sold or services provided to Cardholders by Merchant, and receipt of payment from Paynetics whether the Transaction is approved or declined. The term "Transaction" also includes credits, voids, reversals and adjustments.

2.23. **Transaction fee** shall mean a fixed fee due by Merchant to the Acquirer per Transaction;

2.24. **Interchange fee** means a fee paid for each transaction directly or indirectly (i.e. through a third party) between the issuer and the acquirer involved in a card-based payment transaction. The net compensation or other agreed remuneration is considered to be part of the interchange fee;

2.25. **Terminal PHOS** shall be a mobile terminal device (**Mobile POS Terminal**), working through a mobile application for Android smartphone that is **based on NFC** (Near field communication) - communication at near distance and which allows to accept payments from each contactless card or digitalized card through a software technology Host card emulation (HCE) through NFC port of Android smartphone. No additional hardware device, reader or another external device is necessary to make the payment.

SECTION III: SCOPE

3.1. Merchant requests, and Acquirer agrees to provide the Services as per Section II DEFINITIONS, item 2.20, as amended from time to time by the Parties during the term of the Agreement, subject to the terms and conditions of the Agreement and the following General Terms and Conditions.

3.2. By accepting these General Terms, the Merchant shall agree and accept to execute their clauses. The Acquirer shall notify the Merchant that the applicable General Terms are available on their website at the following URL: <https://paynetics.digital/terms-and-conditions/>. The General Terms can be amended from time to time by the Acquirer. The amended General Terms shall bind the Merchant as of the notice of amendment of the General Terms published on the web site of Paynetics also containing the amended General Terms or only the amendments.

3.3. By accepting these General Terms, the Merchant shall declare that:

3.3.1. they will not perform any activity which could result in damages for Paynetics or the Card Schemes;

3.3.2. they will perform activity within the permitted jurisdiction;

3.3.3. they will not provide incorrect information about the place/s of commercial activity of the Merchant;

3.3.4. they will be responsible, in all cases, for fees or penalties imposed for breach of legal provisions and/or failure to observe contractual obligations.

3.4. The obligations of Paynetics under these General Terms shall be limited to providing PHOS Application and the Services under clause 2.20. Paynetics will use all reasonable means to provide the Services (24) twenty-four hours a day, (7) seven days a week, the whole year. It is possible, however, at a reasonable judgement of Paynetics, to suspend temporarily the Services they provide to the Merchant or to limit the functioning of the Services in order to perform the activities of maintenance or if they are obliged by law or if the Merchant fails to fulfil their significant obligations under these General Terms, or if Paynetics has grounded suspicions that the Merchant is engaged in illegal activity, money laundering or financing terrorist activity.

SECTION IV: TERM

4.1. The Agreement between the Acquirer and the Merchant specified in these General Terms shall come into effect on the date of its accepting by the Merchant electronically, through the technical means in the PHOS profile designed to this effect and only following successfully performed procedure of Merchant Identification certified by an explicit statement of Paynetics, and will continue for a period of one (1) years except if it is terminated earlier.

4.2. The term of the Agreement shall be renewed automatically for subsequent periods of one (1) year except if any of the parties gives a written notice of termination pursuant to these General Terms. All existing obligations, guarantees, indemnities and agreements in reference to Transactions conclude before the termination shall remain in full effect and validity and the Merchant shall remain responsible for all obligations to the Customers and the Acquirer undertaken during the validity of this Agreement.

SECTION V: REPRESENTATIONS AND WARRANTIES

5.1. Each Party warrants and represents to the other Party that:

5.1.1. It has and will maintain all required rights, powers and authorizations to enter into the Agreement and to fulfil its obligations thereunder;

5.1.2. It will perform its obligations under these General Terms with due skill and care; and

5.1.3. It has in place and will maintain adequate facilities (including staff training, internal controls and technical equipment) to comply with its data protection and confidentiality obligations hereunder.

5.2. Additional Merchant Warranties: The Merchant warrants and represents that:

5.2.1. Entering into the Agreement will not conflict with, or breach the terms, conditions or provisions of any agreement or corporate statute, or by any other means violate other agreement, no matter the form, to which Merchant is a party

5.2.2. There are no pending actions by third parties, legal suit or proceeding at law or in equity against the Merchant which would substantially impair Merchant's right to carry on its business as contemplated herein or adversely affect its financial condition or operations

5.2.3. Merchant has and shall continue to comply with relevant data protection legislation and regulations (including those set out in PCI Standard as published on www.pcisecuritystandards.org) in relation to all Customers and Transaction information which is personal data (including any sensitive personal data);

5.2.4. Merchant will deliver its products/services to Customers with due care and without undue delay;

5.2.5. Merchant Products/Services that are made available to Customers comply with applicable law in any jurisdiction in or to which the Merchant is making its goods and services available;

5.2.6. Merchant has at all times all requisite licenses and permits in place to engage in the advertising and provision of its goods and services; and

5.2.7. Merchant is not receiving funds in connection with any illegal, fraudulent, deceptive or manipulative act or practice and that the Merchant is not sending or receiving funds to or from an illegal source, including a source related to money laundering and/or financing terrorism

5.2.8. Merchant will at all times during the term hereof comply with the applicable to its activity legislation and the Card Rules;

5.2.9. Merchant shall respond promptly to inquiries from Customers and shall resolve any disputes amicably and without delay.

5.3. The Parties to this Agreement shall agree to be bound by all of its applicable rules and regulations in effect for the Card Schemes and of the Payment Card Industry Data Security Standards („PCI DSS“). The Parties shall also recognize the binding effect of the rules of the Card Organization, bulletins, warnings and guidance, and shall agree that each Party shall have a separate responsibility for the review and compliance of its activity with these publications insofar as this may be applicable for them aiming at compliance with the rules for card organizations and this Agreement.

SECTION VI: FEES

6.1. The Merchant should pay to Paynetics all fees and other amount according to the provisions of these General Term and Appendix No 1 - Financial Terms;

6.2. Paynetics may sometimes amend the financial terms and/or introduce new fees in addition to the financial terms in Appendix 1 and will notify the Merchant at least 60 days in advance;

6.3. The fees payable by the Merchant to the Acquirer are as set out in Appendix 1 to these General

6.4. Unless otherwise stated, all charges, fees and other payments to be made by Merchant under this Agreement are exclusive of VAT and any other relevant taxes (if any). In addition to paying such sums, Merchant shall be responsible for paying any such VAT and other relevant taxes.

6.5. Merchant explicitly agrees that Acquirer will automatically deduct the Discount Rate fees from the Settlement Merchant Account or Merchant Reserve Account on a daily basis, without the need of any further authorization, approval or consent by the Merchant.

6.6. Acquirer reserves the right to charge Merchant reasonable fees and reimbursement on account of excessive Customer's inquiries, customer-related issues, refunds or Chargebacks.

6.7 Merchant agrees to pay Paynetics the amount of any fees, charges, fines or penalties assessed against Paynetics by any Card Association or Issuer for Merchant's violation of the by-laws, rules, regulations, guidelines, policy statements or threshold requirements of the Card Associations' Monitoring Programs.

6.8. Card Associations monitor and assess on a monthly basis the ratio of fraud reported transactions received by an Acquirer to determine disproportionate fraud-to-sale ratios. In case Paynetics is fined by the Card Associations, merchant will be fined proportionally for the disproportionate fraud volume contributed to Paynetics portfolio

6.9. Merchant shall pay Acquirer for any other services provided to Merchant by Acquirer and for all other fees, including, but not limited to monthly service fees, Chargebacks and set-up fees provided for in this Agreement, as shown in Appendix 1 to these General Terms.

6.10. Interchange Fees Rates: The Visa interchange fee rates may be found at: <https://www.visaeurope.com/about-us/interchange/fees-and-interchange>; and

MasterCard fee rates may be found at: <https://www.mastercard.co.uk/en-gb/about-mastercard/what-we-do/interchange/european-interchange-rates.html>.

SECTION VII: MERCHANT RESERVE ACCOUNT. ADDITIONAL SECURITIES

7.1. It is understood that Paynetics may request to establish a Merchant Reserve Account at any financial institution designated by Paynetics for all future indebtedness of Merchant to Paynetics that may arise out of or relate to the obligations of the Merchant under these General Terms, including, but not limited to, chargebacks and fees, in such amount as Paynetics may determine in its sole discretion. Merchant Reserve Account will be funded by deduction from payments due to Merchant or charge against Merchant Settlement Account or against any of Merchant's accounts at Paynetics

7.2. Merchant explicitly authorizes without any objections whatsoever and enable Acquirer to debit all amounts Merchant owes Acquirer hereunder from the Merchant Reserve Account, at times deemed appropriate by Acquirer. If funds in Merchant Reserve Account are not sufficient to cover Chargebacks, adjustments, Merchant processing rate and other charges due from Merchant, the Merchant shall agree to promptly pay us such sums upon request or provide additional security.

7.3. Merchant hereby grants Paynetics a security interest in the funds held by the Company in the Settlement Account and Merchant Reserve Account, and the appropriate officer(s) of the Merchant is/are hereby authorized to execute all documents reasonably required by Paynetics to perfect such security interests

7.4. Upon Acquirer's discretion, they shall be entitled to request from the Merchant provision of additional security such as establishing of special pledge over Merchant's receivables deriving from the opened Reserve account or a Bank Guarantee in which case the Merchant shall, upon request, procure a bank guarantee in favour of Acquirer by a bank and in a form acceptable to Acquirer and in an amount determined by Acquirer. Any additional security shall remain in place regardless of any termination of this Agreement for as long as there are residual or contingent liabilities of the Merchant to Acquirer. In case Merchant refuses to provide such additional security as requested by the Acquirer, the latter shall be entitled to terminate the Agreement with immediate effect according to Section TERMINATION herein below.

7.5. The Securities under 7.3. shall remain in place regardless of any termination of this Agreement for as long as there are residual or contingent liabilities of the Merchant to PAYNETICS.

SECTION VIII: PROCEDURE FOR INSTALLING A PHOS PROFILE AND PROVIDING A PHOS TERMINAL APPLICATION

8.1. To use the services of Paynetics according to these General Terms, the Merchant should register and create a PHOS profile („Profile“). The Merchant shall confirm that the whole information submitted about the Merchant and about their commercial activity is valid as at the time these General Terms come into effect. With a successful registration, the Merchant will receive an e-mail for confirmation at its main registered e-mail account.

The Merchant shall have the right to create additional Profiles with the explicit approval of Paynetics. It shall be the obligation of the Merchant to maintain the information registered in their Profile correct and up-to-date throughout the whole time. Each profile shall be valid for one mobile phone. More than one employee of the Merchant can log in on one mobile phone. They should be registered in the profile of the Merchant.

8.2. The Merchant should choose reasonably the specified identifying name - if it is different from the name of the company of the Merchant — that clearly identifies the Merchant or their commercial activity, and to provide a correct contact phone number. The identifying name and contact phone may be specified on the statement for the credit or debit card of the Card Holder.

8.3. After the Merchant registers, creates their Profile and accepts these Terms, Paynetics may make a check of their credit history and request from the Merchant to provide additional documentation in order to perform all necessary checks pursuant to the applicable laws and regulations for fighting money laundering and financing terrorism - at the discretion of Paynetics. Paynetics shall have the right to collect this additional information and to make those additional checks and the Merchant shall be obliged to render the whole cooperation necessary to this effect.

8.4. The decision as to whether the identification of the Merchant has been duly checked according to item 8.3 above shall be made fully at the discretion of Paynetics. Unless the identification of the Merchant has been fully established and checked by Paynetics, these General Terms will be a preliminary agreement that binds fully the Merchant, and Paynetics shall preserve their right, at any time of this period, to terminate all Services or not start providing any Services under these General Terms.

8.5. The PHOS profile will be registered on one of the servers of Paynetics. Paynetics will store an amount equal to all amounts they owe, separately from their own funds but together with the amount kept on behalf of the Profiles, in a separate bank account pursuant to the applicable regulatory requirements.

8.6. If there is no activity in the PHOS profile of a Merchant for a period of 2 (two) consecutive years, Paynetics shall have the right to send a notice to the registered e-mail account of the Merchant, and in case the Merchant fails to respond to this notice within 30 (thirty days) and fails to declare that they wish to preserve their Profile, Paynetics will close it automatically. The funds of the Merchant will be processed according to the applicable legislation and if admissible, they will be added to the funds of Paynetics.

8.7. To enable the Merchant to use the Services, a joint mobile device and internet connection are necessary, to be delivered to the Merchant by third parties. These third parties may charge the Merchant for using the mobile device and/or for internet connection necessary for access to the Services and the responsibility for the payment of those charges shall fully belong to the Merchant.

8.8. By accepting these General Terms, the Merchant shall confirm that they are a legal entity that performs activity only in their capacity as merchant or professional and that at the time of accepting these General Terms, they have the right and is duly authorized to perform commercial activity in one or more countries maintained by Paynetics

(„Territories“). The website of Paynetics shall provide from time to time an updated list of the Territories.

8.9. By installing a PHOS profile and delivering a PHOS terminal, the Merchant shall receive an option to accept transactions with payment cards from their customers („Card holders“) by using a joint mobile device, Application of Paynetics and PHOS terminal. The website of Paynetics has an updated list of all compatible mobile devices and of the accepted payment cards.

8.10. The Merchant may accept payments from their customers using an application for a mobile terminal provided by PHOS. When the Merchant accepts a transaction through any of the PHOS terminals, the Terminal will be used for processing and authorization of the transactions between the payment card and the servers of Paynetics.

8.11. The Merchant may use only one or several Terminals per Profile. Upon a request of the Merchant, they may download the application for the mobile devices they wish to use and register them duly on the portal.

8.12. The Merchant shall not have the right to sell, rent, lease or transfer the PHOS Terminal to third parties or to allow the use of a PHOS Terminal by third parties. The Merchant shall not have the right to change in any manner the software of the PHOS Terminal or the hardware of the mobile device that may result in malicious damages for Paynetics, either. The Merchant shall not have the right to use the Terminal for purposes different from acceptance of transactions through the version of the Application that is installed.

8.13. To continue using the services, the Merchant should install all updates of the application maintaining the PHOS Terminal.

8.14. The Merchant shall confirm that they are fully responsible for ensuring the security of their data for logging in their Profile and that they cannot be used by third parties; the Merchant shall guarantee that no user of the Terminal will be able to manipulate the log in data and that no unauthorized use will be done of the PHOS profile, PHOS Terminals or other confidential information related to the use of the Services. If the Merchant suspects or comes to know that their PHOS profile was used without permission, they should immediately notify Paynetics and change their log-in password. Paynetics will undertake reasonable actions for terminating the unauthorized use of data promptly upon such notice.

8.15. In the period of validity of these General Terms, the Merchant shall be obliged to observe the applicable provisions of Payment Card Industry Data Security Standards (PCI-DSS) („PCI compliance“). In particular, the Merchant should observe these provisions in reference to the storage, processing and transmission of data about payment cards. Information about PCI-DSS may be found on the site of the Council for PCI.

8.16. Paynetics shall have the right to conduct an investigation or to resolve a dispute related to a PHOS profile and as a result of this, Paynetics may limit the access of the Merchant to the PHOS profile and the funds for the time necessary for the investigation. Paynetics shall also have the right to limit the access to the funds of the Merchant in the cases where this is required by the applicable law or by a court order.

8.17. If a Merchant sends or tries to send to Paynetics a Transaction about which Paynetics thinks that it is in violation of these General Terms or of the law and/or exposes to harm (including but not limited to, fraud, damage to the trade mark or of the reputation, or criminal activity), Paynetics, other users of their Services or the organizations processing payments, Paynetics shall reserve their right not to authorize, to cancel or reverse the transaction; and/or to close temporarily or permanently the PHOS profile of the Merchant; and/or to report the Transaction to the relevant law-enforcement organization; and/or to place a request for recovery of the damages to the Merchant; and/or to charge fees to the Merchant according to Appendix No 1 to these General Terms.

8.18. By accepting these General Terms, the Merchant shall be obliged to provide the Card Holder with a paper printout of the receipt for the Transaction if this is required by law or a provision of the Card Schemes. Besides, the Merchant may give the Card Holder an option to receive a receipt for the Transaction by e-mail or as a text message, or through a QR code (but not as a substituent of the receipt printed on paper if such is required by law).

SECTION IX: TRANSACTION AUTHORIZATION PROCESS

9.1. Documenting Transactions. Merchant shall submit the following information to Acquirer in connection with Transaction processing:

9.1.1. The DBA (“Doing Business As”) name of Merchant, name of Merchant and Merchant’s address;

9.1.2. The Merchant ID Number assigned to Merchant by Acquirer;

9.1.3. The Card account number, validation date and/or expiration date of the Card, if one appears on the Card;

9.1.4. Such additional information as it may from time to time be required by Acquirer and/or the relevant Issuer

9.2. Merchant shall not submit a Transaction to Acquirer that Merchant knows or should have known is fraudulent, illegal or not authorized by the Customer.

9.3. Merchant may transmit a Transaction that effects a pre-payment of services or full pre-payment of custom-ordered merchandise, manufactured to a Customer’s specifications, if Merchant advises Customer of the immediate billing at the time of the Transaction and within time limits established by the Card Associations

9.4. The acceptance by Acquirer of any Transaction processed in accordance with the terms of the Agreement shall be without recourse to Merchant, except in the following cases: -

9.4.1. The Card giving rise to the Transaction was cancelled and prior to, or at the time of, the Transaction, Merchant received notice of the cancellation through the electronic terminal, in writing or otherwise;

9.4.2. The Card expired prior to the date of the Transaction or the date of Transaction was prior to the validation date;

9.4.3. The information required was not submitted to Acquirer;

9.4.4. Acquirer or Issuer has received a complaint from or on behalf of a Customer stating that there is an unresolved dispute or defence to a charge (whether or not valid) between Merchant and Cardholder

9.4.5. The Customer makes a written complaint to Acquirer or Issuer that the Customer did not make or authorize the Transaction;

9.4.6. A set off or counterclaim of any kind exists in favour of any Customer against Merchant that may be asserted in defence of an action to enforce payment against the Cardholder in a Transaction;

9.4.7. The Transaction was made at or by a Merchant other than the Merchant named in this Agreement;

9.4.8. The Transaction otherwise violates the terms of this Agreement or any other Association or Issuer by law, rule, regulation, policy or guideline;

9.4.9. A Transaction is charged back by an Issuer, Customer or Credit Card Association;

9.4.10. Any representation or warranty made by Merchant in connection with the Transaction is false or inaccurate in any respect, or Merchant was in breach of any term of this Agreement at the date of the Transaction.

In any such case, Acquirer shall not be obligated to accept a Transaction for credit to the Merchant Account. If Acquirer has credited the Merchant Account or Merchant Reserve Account for such a Transaction, Acquirer may return the Transaction to the Merchant, and Merchant shall pay Acquirer the amount of the Transaction. Merchant agrees that Acquirer, without prior notice to Merchant, may (i) charge the amount of the Transaction to the Merchant Account or Merchant Reserve Account; (ii) recoup the amount of the Transaction by adjustment of the credits due to Merchant; or (iii) set off the amount of the Transaction against any funds or property Acquirer holds for or on behalf of Merchant. If Merchant disagrees with Acquirer's decision to charge back a Transaction, Merchant must so notify Acquirer in writing within 10 days of the Chargeback, and provide documentation that the dispute has been resolved to Customer's satisfaction or proof that a credit has been issued.

9.5. Merchant will maintain a fair exchange and return policy and make adjustments with respect to goods and services sold and/or leased to its customers whenever appropriate. If goods are returned, or services are terminated or cancelled, or any price is adjusted, Merchant will prepare and transmit a credit or return Transaction, either electronically or by paper, for the amount of the adjustment as a deduction from the total amount of Transactions transmitted that day. If the amount of credit or return Transactions exceeds the amount of sales Transactions, Merchant shall pay Paynetics the excess.

9.6. Merchant shall make no cash refunds on Transactions and shall handle all credit adjustments as provided in clause 9.5. If no refund or return will be given, Cardholder must be advised in writing that the sale is a “final sale” and “no returns” are permitted at the time of the Transaction. Cardholder also must be advised in writing of any policy of Merchant that provides for no-cash refunds and in-store credit only.

SECTION X: SETTLEMENT AND RECONCILIATION

10.1. Transactions shall be settled to Merchant in accordance with this Section and Schedule/Appendix 1 of these General Terms;

10.2. Acquirer shall deliver payment to Merchant as soon thereafter as practicable by a credit to the Merchant Account equal to the total of all of Merchant’s Transactions since the previous credit. This credit will be reduced, by: (i) the sum of all Customer’s charges denied, refused or charged back; (ii) all refunds processed on account of Customers during said time period; (iii) the fees, charges and other amounts, including Chargebacks, Merchant owes Acquirer hereunder; (iv) all taxes, penalties, fines, charges and other items incurred or payable by Acquirer that are reimbursable pursuant to this Agreement; and (v) all rates, fees and charges as indicated in Schedule/Appendix 1 of these General Terms. Notwithstanding the foregoing, Acquirer shall be entitled to suspend payment all or part of any Transaction amount to Merchant if Acquirer in its sole discretion suspects that a Transaction to which the payments relate – or one or more other Transactions – are fraudulent or involve some other illegal or criminal activity

10.3. If Acquirer becomes aware of any Chargebacks, claims, any action in connection with this Agreement, any Transaction or otherwise or any Fines (in each case, whether actual or potential), or they conclude that any such Chargebacks, claims, action or fines may arise, they may (notwithstanding any other provision of these Conditions) delay making any payment which would be due to the Merchant until either:

10.3.1. the relevant liability is incurred (where Acquirer shall pay to the Merchant the balance of the amount of such sums, if any, after deducting the amount of such liability); or

10.3.2. Acquirer is satisfied that no such liability will be incurred.

10.4. In case Paynetics has a reasonable suspicion that a Transaction may be fraudulent or involves other criminal activity or contravenes these General Terms, Paynetics shall have the right to suspend the processing of that Transaction or withhold payment to the Merchant of the amount of that transaction until satisfactory completion of the investigation or that of any third party.

10.5. If throughout the term of this Contract and after its termination for any reason Paynetics becomes aware or has a reasonable suspicion that the Merchant is in breach of or likely to be in breach of their obligations as set forth in these General Terms, Paynetics may withhold payment to the Merchant without providing any notice to them.

10.6. The Merchant shall not be entitled to any interest or any other compensation whatsoever in respect of any sums held by Paynetics prior to being Remitted for any period for which payment may be deferred under clause 10.3., 10.4., 10.5.

10.7. Merchant shall reconcile each settled Transaction within 15 /fifteen/ days after the date on which such Transaction is submitted to Acquirer for payment, and shall notify Acquirer immediately of any discrepancies or errors Merchant notes as a result of such reconciliation. Acquirer shall not have any responsibility or liability for Transaction-related errors or omissions that are brought to its attention more than thirty (30) days after the date on which the Transaction to which such error or omission relates is first presented to Acquirer for settlement.

10.8. Any credits to the Merchant Account are provisional only and subject to revocation by Acquirer until such time that the Transaction is final and no longer subject to Chargeback by the Issuer, Cardholder or Card Associations. Acquirer may withhold payment for a Transaction to Merchant, for any reason, for a period of time not to exceed 7 /seven/ Business Days from the processing date of a Transaction

10.9. In view of the nature of Gateway Services, the Merchant shall acknowledge and agree that Paynetics may not be able to ascertain whether there are any errors in the transmission of Data in respect of any Transactions and accordingly the Merchant shall be responsible for notifying Paynetics in the event that there are any discrepancies between the amount of any payments the Merchant actually receives and those they expect. Such notice must be given in writing within 7 days following the date of the relevant Transactions.

SECTION XI: CHARGEBACKS

11.1. In certain circumstances, Card Issuers and Card Schemes refuse to Settle a Transaction or require repayment from Acquirer in respect of a Transaction previously Settled and/or Remitted, notwithstanding that Authorisation may have been obtained from the Card Issuer (such circumstances being a “Chargeback”).

11.2. Merchant has full liability and responsibility for all Chargebacks. Some of the most common reasons for a Chargeback are (i) the Transaction Data was prepared incorrectly or fraudulently (ii) Merchant did not obtain proper authorization, or did not provide a correct and legible authorization code on the Transaction Data, (iii) the Customer disputes participating in or approving the Transaction, (iv) the Customer alleges that return of goods was improperly refused or that a refund was not processed for the Customer, (v) the Customer has asserted what the Customer believes is a good faith claim or defence against the Transaction, or (vi) the Payment Instrument was not actually presented at the time of the Transaction and the Customer denies making the purchase.

11.3. The Merchant shall acknowledge and agree that under the Rules, the Merchant may be required to reimburse Paynetics for Chargebacks in circumstances where the Merchant has accepted payment in respect of the relevant Transaction and even if they are under no legal liability for the supply or performance of the goods or services concerned.

11.4. All Chargebacks shall correspond to the whole or part of the Settlement value of the original Transaction or, at the option of Paynetics, to an amount converted to the Settlement currency from the currency of Chargeback by the Card Scheme to Paynetics at the rate of exchange quoted by VISA International/ Mastercard International on the day the Chargeback is processed.

11.5. Where a Chargeback occurs, Paynetics shall immediately be entitled to debit the Merchant Account and/or make a deduction from any Remittance in accordance with clause 11.2. to recover:

14.5.1. the full amount of the relevant Chargeback; and

14.5.2. any other costs, expenses, liabilities or Fines which We may incur as a result of or in connection with such Chargeback (“Chargeback Costs”).

11.6. A Chargeback represents an immediate liability from the Merchant to Paynetics and where the full amount of any Chargeback and/or any Chargeback Costs is not debited by Paynetics from Merchant’s Settlement Account or deducted from any Remittance, then Paynetics shall be entitled to otherwise recover from the Merchant by any means the full amount of such Chargeback and Chargeback Costs (or the balance thereof, as the case may be).

11.7. Paynetics shall not be obliged to investigate the validity of any Chargeback by any Card Issuer and Card Scheme whose decision shall be final and binding in respect of any Chargeback.

11.8. If Merchant has a reason to dispute or respond to a Chargeback, then Merchant must do so by the date provided on the applicable Chargeback Notice. Acquirer will not investigate or attempt to obtain a reversal or other adjustment to any Chargeback if Merchant has not timely responded to the notice.

11.9. As Chargebacks may arise a considerable period after the date of the relevant Transaction, Merchant shall acknowledge and agree that, notwithstanding any termination of the Contract for any reason whatsoever, Paynetics shall remain entitled to recover Chargebacks and Chargeback Costs from Merchant (and, where relevant, from any Person who has provided a guarantee or security relating to Merchant’s obligations under the Contract) in respect of all Chargebacks that occur in relation to Transactions effected during the term of the Contract.

11.10. Paynetics shall reserve the right to immediately pass on to Merchant and recover from Merchant any Fines incurred and/or impose further charges on Merchant as a result of Excessive Chargeback Activity or breach of any of the Chargeback monitoring programs of the Card Associations.

11.11. Merchant shall be fully responsible to prove to Paynetics (or to the relevant Card Issuer) that the debit of a Customer’s or Cardholder’s account was authorised by such Customer or Cardholder.

11.12. If Paynetics shall consider in good faith that there is a high risk of Chargeback, Merchant shall on demand by Paynetics put such funds into Merchant’s Bank Account as Paynetics shall require to cover such risk.

11.13. Without limiting the generality of any other provision of these General terms, if Paynetics takes any legal actions against Merchant for any Chargebacks or any amounts due to Paynetics hereunder, Merchant shall pay the costs and attorneys’ fees incurred by Paynetics, whether suit is commenced or not.

11.14. Merchant undertakes to use all reasonable efforts to maintain chargeback rates under the Card Schemes thresholds as they may change from time to time. Paynetics will inform merchant for any changes when they occur by e-mail.

11.15. Currently the chargeback rate of Visa shall stay below 1% and less than 100 chargeback transactions per month (standard criteria) and below 2% and less than 500 chargeback transactions per month (high risk criteria). If both parameters are broken, Paynetics may impose fines on merchant. Fines will be charged as a sum amount, calculated in accordance with Visa rules and a fixed fee per chargeback.

11.16. Currently the chargeback rate of MasterCard shall stay below 1.5 % (calculated against sales transactions in the preceding month) and less than 100 chargeback transactions per calendar month. If both parameters are broken for two consecutive calendar months, Paynetics may impose fines on merchant. Fines will be charged as a sum amount, calculated in accordance with MasterCard rules from the excessive chargeback ratio and a fixed fee per chargeback.

11.17. Merchant shall also immediately notify Paynetics when it is foreseeable that chargeback transactions will be more than 1.5% and more than 100 transactions accumulatively during a calendar month.

11.18. A reporting fee will be charged to merchant for each chargeback-monitored merchant (CMM) report and/or excessive chargeback merchant (ECM) report that Paynetics needs to send to MasterCard on behalf of the merchant according to MasterCard rules.

11.19. Paynetics will use reasonable efforts to maintain efficient chargeback management services, both by supporting rational presentments and by giving advice on how to avoid chargeback.

11.20. If Acquirer determines that Merchant is receiving excessive Chargebacks (as determined by reference to applicable Rules and acquirer's policy), Acquirer may, but is not obligated to, (i) notify Merchant of new procedures it should adopt, (ii) increase or add additional Processing Fees imposed for processing Chargebacks, (iii) establish or increase the amount held in any Reserve Account, and/or (iv) terminate this Agreement, at Acquirer's' discretion, without advance notice. Merchant must immediately pay any fines or fees imposed by Card Schemes or acquirer relating to Chargebacks to Merchant.

SECTION XII: TRADING LIMITS

12.1. From Risk perspective, Paynetics may from time to time notify Merchant of a monetary limit on the aggregate value of one or more transactions in respect of any specified period ("trading limit")

12.2. Merchant shall not exceed the Trading limit without our prior written approval of Paynetics (to be given at their discretion). Such restriction may continue to apply if and to the extent that Paynetics shall notify Merchant in writing about its change or cancellation.

SECTION XIII: RIGHTS AND OBLIGATIONS

13.1. The Merchant is obliged to:

13.1.1. comply with these General Terms and any directions relating to the Agreement from Acquirer or from any party retained by Acquirer;

13.1.2. accept all Cards bearing a trademark and of a card type which the Parties have agreed, for payment for all of the Merchant's goods and services. Acquirer shall be entitled to register and market the fact that the Merchant accepts Cards as a means of payment;

13.1.3. respond to Customers' disputes and handle chargebacks in accordance with the Visa's and/or MasterCard's Chargeback regulations;

13.1.4. not to use the Acquirer's trademark for any purpose other than as agreed in writing between the Parties;

13.2. Regarding any Transaction Merchant shall refrain from any of the following:

13.2.1. Violate the provisions of these General Terms;

13.2.2. Extend credit for or defer the time of payment of the total cash price in any Transaction;

13.2.3. Impose any additional fees or charges or execute any additional agreement or security with any Customer in connection with any Transaction;

13.2.4. Transmit or accept for payment any Transaction that was not originated directly between Merchant and a Customer for the sale or lease of goods or performance of services of the type indicated in Merchant's application for card processing services initially submitted to and approved by Acquirer;

13.2.5. Accept a Card as payment method for any legal services or expenses arising out of or related to: (i) defence of any crime other than a traffic violation; (ii) any domestic relations matter where such services or expenses are furnished to a person whose name is not embossed on a Card; or (iii) any bankruptcy, insolvency, compromise, composition or other process affecting Cardholder's creditors;

13.2.6. Use Merchant's own Card, or one to which Merchant has access, to process a Transaction for the purpose of obtaining credit for Merchant's own benefit;

13.2.7. Redeposit a previously charged Transaction, regardless of whether the Customer consents;

13.2.8. Initiate a Transaction credit without a balance in the Merchant Account equal to the credit;

13.2.9. Use Acquirer's software or any data received thereon for any other purpose other than for determining whether or not Merchant should accept Cards in connection with a current sale or lease of goods or services;

13.2.10. Use the Acquirer's software or any data received thereon for credit inquiry purposes or any other purpose not authorized by this Agreement;

13.2.11. Draw or convey any inference concerning a person's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living when any Card or check is processed as non-accepted;

13.2.12. Disclose any information obtained through the Software to any person except for necessary disclosures to affected Customers, Acquirer and/or the Issuer;

13.2.13. Add any tax to Transactions unless applicable local law expressly requires that Merchant be permitted to impose a tax. Any tax, if allowed, must be included in the Transaction amount and not collected separately;

13.2.14. Disburse funds in the form of cash or cash equivalents or other negotiable instruments;

13.2.15. Accept a Card to collect or refinance any debt fine or penalty of any kind, losses, damages or any other costs that are beyond the total sale price;

13.2.16. Issue a transaction credit for returned goods or services acquired in a cash transaction;

13.2.17. Make any refund to a Customer who has made a purchase with a Card. All transaction credits will be issued to the same Card account number as the sale; or

13.2.18. Accept a card for sales by third parties or for selling goods which it knows will be resold by a customer whom it reasonably should know is not ordinarily in the business of selling such goods;

13.2.19. Accepts a Card in any Transaction which the Merchant knows, or should know, is or is suspected to be suspected to be illegal or not lawful;

13.2.20. Process a Transaction under a different trade name or business affiliation than indicated on this Agreement or otherwise approved by Acquirer in writing;

13.2.21. Process a Transaction that violates any law, ordinance, or regulation applicable to its business;

13.2.22. Process a Transaction which does not represent a bona fide sale of goods or services;

13.2.23. Sell, purchase, provide or exchange Card account number information in the form of Transaction documents, carbon copies of imprinted Transaction documents, mailing lists, tapes, journal rolls or other media obtained by Merchant to any third parties without the Cardholder's explicit prior consent;

13.2.24. Create multiple purchase transactions in respect of a single purchase with the same Card;

13.2.25. Not comply with applicable law and public authority regulations in force from time to time.

13.3. At least once per month, Acquirer shall provide Merchant with an itemized statement of all charges and credits to the Merchant Account. All information appearing on the Merchant Statement shall be deemed accurate and affirmed by Merchant unless Merchant objects by written notice specifying the particular item in dispute within 30 days of the date of the Merchant Statement.

13.4. Acquirer undertakes to make payment to the designated account for purchase transactions made using Cards, provided that i) the purchase transaction is received by Acquirer within the period of time prescribed; ii) the purchase transaction fulfils the requirements prescribed in the Agreement; and iii) the Merchant has otherwise fulfilled its obligations pursuant to the Agreement.

13.5. Merchant shall comply with the Rules and all bylaws, rules, regulations, policies and guidelines of the Card Associations and any Issuer whose Cards are used to process Transactions in accordance with this Agreement. Merchant will display prominently at its place of business Card brands and other promotional material and literature provided by Acquirer. Subject to the prior written consent of Acquirer and upon such conditions notified by Acquirer, Merchant may use Card service marks or design marks in its own advertisement and promotional materials.

13.6. Acquirer shall not be responsible for any loss or liability resulting from the denial of credit to any person or Merchant's retention of any Card or any attempt to do so; any loss caused by a Transaction downgrade resulting from defective or faulty software regardless if owned by Acquirer or Merchant; unavailability of Services rendering caused directly or indirectly by the interruption, malfunction or termination of any service provided by a third party, including but not limited to termination of contracts with computer hardware vendors, processors or installers, whether terminated by Acquirer, or any other person for any reason; or interruption or termination of any Service caused by an event of Force Majeure.

SECTION XIV: MERCHANT'S LIABILITY

14.1. Merchant shall be liable against the Customer for all defects and deviations in the quality, condition and performance of sold goods and services. Such defects and/or deviations, as well as the non-delivery or deficient delivery of goods/services to a Customer or any other party designated by the Customer, shall at all times be deemed to constitute a breach of the Merchant's obligations under this Agreement.

14.2. Merchant shall be obligated, upon request by Acquirer, to reimburse Acquirer for all amounts, plus interest and charges, which Acquirer has paid/refunded to a card Issuer, Customer or any other party (e.g. Visa or MasterCard) as a consequence of:

14.2.1. Merchant's breach under item 10.1 above;

14.2.2. Issuer's final debiting of Acquirer in respect of a Transaction which is the subject of a complaint in accordance with Visa's and/or MasterCard's chargeback regulations;

14.2.3. The fact that the Merchant, without exercising normal care, has accepted an invalid or forged Card or a Card which has been used in an unauthorized manner;

14.2.4. The fact that the Merchant has in any respect breached its obligations pursuant to, or otherwise acted in contravention of these General Terms or Applicable law, applicable Merchant's local law or public authority regulations.

14.3. Irrespective of whether negligence, breach of agreement or any other cause of action may be imputed to the Merchant, the Merchant shall also be obliged, upon request by Acquirer, to pay compensation for any amounts (e.g. fees and other sanctions) which Acquirer is obliged to pay to Visa and/or MasterCard insofar as such amount is related to the Agreement and to i) Transactions which are the subject of a complaint; or ii) fraud, bad faith or wilful conduct.

14.4. In the event Acquirer, prior to any obligation to pay an amount pursuant to item 11.2 or item 11.3 above, receives any warning, order or other of such nature (e.g. from Visa or MasterCard), Acquirer shall notify the Merchant without delay of the measures which the Merchant must take in order, if possible, to avoid Acquirer incurring an obligation to pay the amount.

14.5. In the event Visa and/or MasterCard believes that the Merchant has reached a level of complaints due to fraud, unauthorized purchases or complaints from Customers which is unacceptably high in relation to the total number of the Merchant's purchase transactions, Acquirer shall be entitled to terminate this Agreement with immediate effect.

14.6. Each party hereto shall report its income and pay its own taxes to any applicable jurisdiction, according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source unless Merchant presents Acquirer a valid exemption from such withholding. Furthermore, Merchant agrees to indemnify and hold Acquirer harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Merchant. If Acquirer is required to pay any taxes, interests, fines or penalties owed by Merchant, said amount shall become immediately due and payable by Merchant to Acquirer. If excise, sale or use taxes are imposed on the Transactions, the Merchant shall be responsible for the collection and payment thereof. Acquirer shall be entitled to recover any of said taxes paid by it on behalf of Merchant from Merchant immediately after payment.

14.7. Acquirer shall be entitled to offset any amounts incurred according to this Section with amounts in Merchant's Reserve Account. Furthermore, Acquirer shall be entitled to seek payment and execute any established by the Merchant additional security in Acquirer's favour.

SECTION XV: TERMINATION

15.1. Acquirer may terminate this Agreement unilaterally upon 30 days' prior written notice to Merchant. In addition, Acquirer may terminate this Agreement with immediate effect and without prior notice to Merchant in the following events:

15.1.1. Any information concerning Merchant obtained by Acquirer is unsatisfactory to Acquirer in Acquirer's sole discretion;

15.1.2. Any act of fraud or dishonesty is committed by Merchant, its employees and/or agents, or Acquirer believes in good faith that Merchant, its employees and/or agents have committed, are committing or are planning to commit any acts of fraud or to make any misrepresentation;

15.1.3. Breach any of the provisions of this Agreement;

15.1.4. Breach of the Card Associations' rules;

15.1.5. Paynetics considers (in its absolute discretion) that the total chargebacks or refunds are excessive and/ or unreasonably high;

15.1.6. Fraud rates are high in the opinion of Paynetics and fraud reduction plan is not successful;

15.1.7. Paynetics, in its absolute discretion, determine that their relationship with Merchant's business represents increased risk of loss or liability to Paynetics;

15.1.8. Anything happens or comes to Paynetics' attention in relation to Merchant or arising from or incidental to Your business or the conduct of Merchant's business (including trading practices and individual activities) or Merchant engages in any business trading practices or individual activity which Paynetics in its absolute discretion consider disreputable or capable of damaging their reputation or that of any of the Card schemes or other financial institutions which may give rise to fraud or any other criminal activity or suspicion of fraud;

15.1.9. There is any change to the Person, group of Persons acting together pursuant to an agreement or understanding (whether formal or informal), which Controls/ Owns Merchant and this is not disclosed to Paynetics during the application process;

15.1.10. Any representation or warranty made by Merchant in this Agreement is not true and correct;

15.1.11. Merchant files a petition under any bankruptcy or insolvency law;

15.1.12. Merchant fails to maintain sufficient funds in the Merchant Account to cover the amounts due to Acquirer hereunder

15.1.13. Any insurance policy obtained by Acquirer or Merchant relating to Transactions and/or Chargebacks is cancelled or terminated for any reason;

15.1.14. Acquirer determines that it is not feasible to provide to Merchant the Services contemplated by this Agreement

15.1.15. In the event of any significant circumstances that create harm or loss to the Visa and MasterCard payment system including illegal activities and/or brand damage or BRAM violation.

15.1.16. If we have justified reasons to think that your Profile is compromised or we have any other concerns related to security.

15.2. Acquirer may selectively terminate one or more of Merchant's approved locations without terminating the entire Agreement.

15.3. In the event of termination, all obligations of Merchant incurred or existing under this Agreement prior to termination shall survive the termination. Merchant's obligations with respect to any Transaction shall be deemed incurred and existing on the transaction date of such Transaction.

15.4. Merchant may terminate this Agreement upon at least 30 days prior written notice to Acquirer if Acquirer unilaterally increases any rates, fees or charges Merchant pays hereunder, except for any amendments necessitated and required by a Card Association.

15.5. On termination of this Agreement, Merchant shall remove any references to Paynetics from any of its promotional materials or literature, agreements or on the website.

15.6. If this Agreement is terminated or the PHOS profile is closed due to any reason whatsoever, Merchant (i) will continue to be bound by the liabilities arisen until/on the date of termination/closing; (ii) will immediately discontinue the use of the Services, (iii) shall agree that the right of access to the Services and their use granted to them under these Terms shall be terminated, (iv) accepts that Paynetics reserves their right to delete all data about the Merchant Profile stored on the servers of Paynetics, and (v) will not seek any responsibility from Paynetics to the Merchant or a third party for termination of the access to the Services or for deleting data of the Merchant Profile.

15.7. After the termination of this Agreement comes into effect, Merchant will immediately pay to Paynetics all amounts the Merchant owes pursuant to those Terms, and Paynetics shall likewise transfer to Merchant all amounts they owe under these Terms. Notwithstanding the previous clause, Paynetics shall have the right to retain the amounts in the Reserve Account while the liabilities under the PHOS profile are finally settled, including all potential reversing of payments but in all cases for not more than 13 (thirteen) months of the actual termination.

SECTION XVI: NOTICES

16.1. Any notice under this Agreement must be given on writing and signed by or on behalf of the party giving it and must be delivered either by hand or registered mail service. Notwithstanding the foregoing, Paynetics may give notice to the Merchant by sending an email to any of the email addresses registered by the Merchant.

16.2. The parties agree to conduct all communication in relation to this Agreement in English.

16.3. In relation to item 16.1, Merchant must at all times maintain current address for correspondence and at least one valid email address with Paynetics and it will be required to check regularly and frequently for Incoming messages.

SECTION XVII: RETENTION OF RECORDS

17.1. Subject to the requirement of the PCI DSS Standards, Merchant shall retain legible copies of data and original transaction receipt for a minimum period of 18 months from the date of each transaction.

17.2. Paynetics may from time to time, request from Merchant to provide copies of Data. Merchant should provide such copies to Paynetics within 14 days of such request being received from Paynetics.

17.3. Merchant hereby authorizes Paynetics to release Data and any other information relating to the Services or the Card Associations (or, if instructed by Paynetics, Merchant shall provide such Data or information or procure that such Data or information is provided) to any agent of theirs or any other Person:

17.3.1. as is necessary for the purpose of fulfilling Paynetics' obligations under this Agreement or as required by law

17.3.2. where Paynetics, or any other third party, are investigating any suspected criminal activity.

SECTION XVIII: CREDIT INVESTIGATION AND PAYNETICS AUDITING

18.1 Paynetics may audit, from time to time, Merchant's compliance with the terms of these GTC. Merchant shall provide all information requested by Paynetics to complete Paynetics's audit.

18.2. Merchant authorizes parties contacted by Paynetics to release the credit information requested by Paynetics, and Merchant agrees to provide Paynetics a separate authorization for release of credit information, if requested.

18.3. Merchant shall provide to Paynetics such information as Paynetics may reasonably request from time to time, including without limitation, financial statements and information pertaining to Merchant's financial condition. Such information shall be true, complete and accurate.

18.4. Upon request by Paynetics, Merchant shall provide to Paynetics a certificate for lack of insolvency and/or liquidation procedure regarding Merchant Company. In case such procedure has started Paynetics shall assume the reserve available amounts.

SECTION XIX: INTELLECTUAL PROPERTY

19.1. Intellectual Property Rights („IP rights“) shall mean all rights that are directly or indirectly related to the Services, PHOS terminals, the website of Paynetics, the internet domain names, the whole contents, the technology related to the Services, all logos,

including but not limited to, copyright, non-property rights, rights on databases, trademarks, rights on names, rights on useful models and designs, patents and all other exclusive or non-exclusive rights having an international protection or the protection of laws applicable for the Agreement that exist currently or may come to being, be given or transferred in the future.

19.2. Paynetics shall be an exclusive owner of all IP rights related to the Services, and nothing in these General Terms can be interpreted as a transfer or assigning of the IP Rights to Merchant. Merchant shall not have the right to copy, imitate or use the IP Rights without the prior written consent of Paynetics.

19.3. Paynetics shall grant to Merchant personal, limited, non-exclusive, revocable, non-transferable license (without the right to sub-license) for electronic access and use of the Services aiming to accepting transactions.

19.4. Without the prior consent of Paynetics, Merchant shall not have the right (i) to transfer to third parties any rights granted to them under this Agreement; (ii) to provide third parties with the option to use the Services (under rent, lease or otherwise); (iii) to realize access to contents, materials or information of any system of PHOS or Paynetics, not to monitor them manually or automatically using robots, scrapers, etc.; (iv) to copy, reproduce, change, amend, create derivative works, display in public, publish, upload, transmit, re-sell or disseminate in any manner contents, materials or information of PHOS or Paynetics; (v) to violate the limitations in the robot-excluding headers of the Service, to evade in any manner the technical limitations of the Service, to use tools to enable options or functionalities of the service that are not enabled, to decompile, disassemble or otherwise perform reverse engineering of the Service except to the degree in which those limitations are forbidden by law; or (vi) to use the Services for purposes different for the purpose allowed by these General Terms.

19.5. Merchant may generate and send to Paynetics contents as part of the use of the Services („User Contents“). Merchant shall reserve all rights on their User Contents that is subject of the rights Merchant shall give to Paynetics, accepting these General Terms. For each User Contents, Merchant sends, Merchant shall confirm that they are its owner or they have an authorization from the holder of copyright on it to upload it and shall grant to Paynetics universal, non-exclusive, loyalty-free, fully paid up, transferable and sub-licensable right that Paynetics uses and reproduces this contents in promotional activities and for public presentations related to the Services or to PHOS. Merchant may delete the User Contents sent by them by terminating their Profile. Merchant shall not have the right to send in reference to the Services User Contents, that (i) is incorrect, misleading, illegal, indecent, disgraceful, pornographic, defamatory, accusing, threatening, torturing, hateful, abusive or provocative; (ii) encourages behaviour that could be considered criminal or giving rise to civil liability; (iii) violates the obligations or rights of any physical or legal person, including the right of publicity or confidentiality; (iv) contains damaged data or other harmful, disturbing the work or damage-causing files; (v) advertises products or services that are competitive to the products and services of Paynetics and their partners; (vi) at the discretion of Paynetics prevent some physical or legal entity from using the Services, or that may cause a damage or give rise to proceedings against Paynetics. Although Paynetics has no obligation to filter, edit or monitor User Contents, Paynetics shall preserve the right to edit or delete User Contents at any time without notifying Merchant. Merchant shall confirm that they understand that, while using the Services, it is

possible to be exposed to abusive, indecent or damnable User Contents. Paynetics shall not be responsible for losses or damage of any part of User Contents of Merchant.

SECTION XX: FINAL PROVISION

20.1. Merchant shall notify Acquirer immediately in writing regarding any changes relating to the composition of its Board of Directors, Managing Director, company name, Changes in the type or nature of their commercial activity, changes in the range of products, sale or rent or lease of a commercial company, or another type of change of ownership of Merchant, changes in the legal form of the company, changes in the bank accounts, existing unfavourable changes in the financial position of Merchant, structure of capital, address, telephone and fax number, e-mail address, changes in branch affiliation or activities, changes in the information Merchant has provided Paynetics with pursuant to the legislation for fight against money laundering and financing terrorist activity and other circumstances which may be of significance under this Agreement.

20.2. A Party shall also notify the other Party immediately of events which may be assumed to affect, or will affect, all or parts of the co-operation pursuant to the Agreement. It is of particular importance that all planned changes in a Party's IT system which in any respect may be assumed to affect the co-operation are notified to the other Party immediately upon commencement of planning with respect to the changes.

20.3. Neither Party shall be liable for any failure to fulfil its obligations hereunder due to force majeure. Force Majeure Events shall include, inter alia, war, acts of war, terrorist actions, import or export prohibitions, natural disasters, restrictions on general public transport, deficiencies or delays in energy supplies or telephone connections, the actions or omissions of public authorities, new or amended legislation, orders or actions of public authorities, labour conflicts, blockades, fire, flooding, extensive losses or destruction of property or major accidents, as well as defects or delays in products or services from subcontractors as a consequence of circumstances stated above (each a "Force Majeure Event"). Labour conflicts shall be deemed to be Force Majeure Events irrespective of a Party's role in such conflict. In the event the performance of this Agreement is materially impeded for a period in excess of fifteen (15) Business Days due to a Force Majeure Event, either Party shall, without liability, be entitled to terminate this Agreement by giving thirty (30) calendar days' written notice to the other Party

20.4. The Parties shall not be entitled to disclose to any third party information regarding the contents of the Agreement. Nor may either Party disclose to any third party information regarding the other Party's business which may be considered a business or trade secret. However, the Merchant consents to Acquirer, in accordance with the duty of confidentiality of payment institutions, transferring such information as referred to in the preceding paragraph to i) companies within the same group as Acquirer; ii) Visa and/or MasterCard, iii) companies with which Acquirer co-operates, in order to ensure the performance of the Agreement in respect of, e.g. PCI DSS and other security issues, and iv) companies that Acquirer is co-operating with or is in contractual relations with. The Merchant consents to that Acquirer may disclose information which is necessary in order to connect the requested service, such as the company name, registration number, contact details, customer number and MCC code, to terminal suppliers, payment service providers (PSP) and other payment service suppliers, required by law, government regulation or regulation, as well as due to order of a competent authority or court.

20.5 Registration in special registers as maintained by VISA or MasterCard may take place in the event the Agreement is terminated due to the Merchant's breach of contract or due to the Merchant having provided incorrect, incomplete or misleading information, e.g. upon execution of the Agreement.

20.6. Merchant may not assign any of its rights and/or obligations pursuant to the Agreement to any third party without the Acquirer's written consent, Acquirer may, however, without the consent of the Merchant, assign its rights and/o obligations without limitation.

20.7. Amendments to the Agreement may be done upon mutual consent of the Parties and in written form. From time to time Acquirer may amend this Agreement unilaterally in the following cases:

20.7.1. Acquirer may amend or delete Cards or Services listed in these General Terms by notifying Merchant in writing of any amendment. All provisions of this Agreement shall apply to Cards or Services added to this Agreement. Acquirer shall notify Merchant of the fees to be applied for processing the additional Cards and Services. Acceptance by Merchant of a new approved Card as payment for a Transaction or use of a new Service after Acquirer has sent Merchant notice of an amendment shall constitute Merchant's agreement to the amendment and the fees or charges related to these additions.

20.7.2. From time to time, Acquirer may change all rates, fees and charges. Acquirer will provide prior written notice to Merchant of all amendments. Acquirer may change the rates, fees and charges without prior written notice for due cause, such as Merchant's sales volume or average Transaction amount not meeting Merchant's projections as contained in Merchant's application for card processing services. If notice is required, Acquirer will give written notice on the merchant statement. All new rates, fees and charges will become effective for the month immediately following the month in which the notice appeared on the Merchant Statement.

20.7.3. Acquirer may amend this Agreement in any manner other than as described in items 20.7.1 and 20.7.2 simply by providing written notice of such amendment to Merchant, and such amendment shall become effective on the latter of: (i) the date on which such written notice is received by Merchant; or (ii) a date specified by Acquirer in a written notice.

20.8. Other than as stated in the Agreement, the Parties shall not be entitled to represent each other or to use each other's trademarks, company names or know-how without the other Party's written consent. Such right of use does not create any rights and shall cease immediately upon the termination of the Agreement.

20.9. To the extent that Merchant becomes a debtor under any law regarding liquidation and/or bankruptcy, and such event does not result in the termination of this Agreement, Merchant hereby unconditionally and absolutely waives any right or ability that Merchant may otherwise have had to oppose, defend against or otherwise challenge any motion filed by Acquirer for relief from any automatic stay granted by law, to enforce any of Acquirer's rights or claims under this Agreement.

20.1. These General Terms were prepared pursuant to the relevant Bulgarian Law on Payment Services and Payment Systems /LPSPS/, the legal acts issued for its implementation and the other relevant legal acts

20.2. Pursuant to art. 46, para. 5 of LPSPS, the parties shall agree that art. 62, para. 1 of LPSPS shall not apply for their relations and changes in these General Terms and the Tariff shall be done according to the provisions of these General Terms

20.3. Pursuant to art. 67, para. 4 of LPSPS, the parties shall agree that art. 68, para. 1, the term under art. 77, para. 1, art. 78, art. 80, art. 91, art. 92 and art. 93, para. 1 of LPSPS shall not apply for their relations and the provisions of these General Terms, an inseparable part thereof, shall be applied respectively.

20.4. The Bulgarian law shall be applied for matters not settled in these General Terms. All disputes arising by or related to these General Terms shall be referred for resolving by the Court of Arbitration at the Bulgarian Chamber of Commerce and Industry by a panel of three arbiters.