

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**September 24, 2013**

Date of Report (Date of earliest event reported)

**Telupay International Inc.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation)

**000-52069**  
(Commission File Number)

**98-04663350**  
(IRS Employer Identification No.)

**First Island House**  
**Peter Street**  
**St. Helier, Jersey, Channel Islands**  
(Address of principal executive offices)

**JE4 8SG**  
(Zip Code)

**+44(0)1534 789999**  
Registrant's telephone number, including area code

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

|                          |  |
|--------------------------|--|
| <input type="checkbox"/> | Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)                  |
| <input type="checkbox"/> | Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)                 |
| <input type="checkbox"/> | Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)) |
| <input type="checkbox"/> | Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)) |

## SECTION 1 – REGISTRANT’S BUSINESS AND OPERATIONS

### Item 1.01. Entry into a Material Definitive Agreement

#### I. Agreements Entered into by Telupay PLC’s Subsidiaries Prior to Merger

As previously disclosed, Telupay International Inc. (the “**Company**”) acquired Telupay PLC (“**Telupay PLC**”) as a wholly owned subsidiary on September 24, 2013 through a merger transaction (the “**Merger**”). Telupay PLC, in turn, has the following wholly owned subsidiaries: (i) Telupay Solutions Limited (Jersey, Channel Islands) (“**Telupay Solutions**”), (ii) Telupay IP Limited (Jersey, Channel Islands), and (iii) Telupay (ME) FZE (Dubai, UAE) (“**Telupay FZE**”). Telupay FZE, in turn, has the following wholly owned subsidiary: Telupay (Philippines) Inc. (Philippines) (“**Telupay Philippines**”). Certain of Telupay PLC’s subsidiaries entered into the agreements described below prior to the Merger, which the Company has determined to be material definitive agreements. Although the agreements described below were entered into prior to September 24, 2013, the Company views the date of earliest event reported for the purposes of this Current Report on Form 8-K to be the date of the Merger (that is, September 24, 2013).

#### Celluserv Service Provider Agreement

On March 24, 2011, Telupay Solutions entered into a service provider agreement (the “**Celluserv SPA**”) with Celluserv, Inc. (“**Celluserv**”), a Guam corporation, whereby the parties agreed to sell and electronically distribute mobile network operators prepaid airtime and prepaid long distance products in Micronesia. Celluserv has established agreements and connectivity with Mobile Network Operators (“**MNO**”) in Micronesia to sell and electronically distribute MNO prepaid airtime and prepaid long distance products (“**MNO Prepaid Products**”).

Under the Celluserv SPA, Telupay Solutions will provide services (the “**Telupay Solutions Services**”) and related products to be utilized for the sale, electronic processing, and settlement of MNO Prepaid Products and services. Celluserv will provide the required hardware at its own expense and use its best efforts to promote and market the MNO Prepaid Products.

Celluserv will pay Telupay Solutions a service fee equivalent to 22.5% of the gross transaction fees earned from MNO Prepaid Products through its use of the Telupay Solutions Services less half of the total short message service (SMS) and other message or mobile transmission costs incurred for such transactions covered by the Celluserv SPA.

The term of the Celluserv SPA is for one year and is automatically renewable for successive one-year terms unless either party gives at least three months notice, in writing, prior to the end of the current term, to terminate the Celluserv SPA.

The description set forth above is qualified in its entirety by the Celluserv SPA, which is filed as Exhibit 10.1 to this Current Report and is incorporated by reference herein.

### 1BRO Service Provider Agreement for Mobile Wallet System

On May 27, 2013 (the “**1BRO Effective Date**”), Telupay Philippines entered into a service provider agreement (the “**1BRO SPA**”) with 1Bro Global Inc. (“**1BRO**”), a Philippines corporation, whereby Telupay Philippines will provide to 1BRO and its members the use of the Telupay Philippines’s Mobile Wallet System for SMS. The Mobile Wallet System includes services such as balance inquiry, buy load, pay bills, transfer funds, change mobile PIN, and view transaction history. The 1BRO SPA is in force from the 1BRO Effective Date up to five years from the date of the issuance by 1BRO of an Acceptance Certificate (a confirmation of 1BRO’s acceptance of Telupay Philippines’s services as a mobile system for the use of 1BRO and its network as being compliant with the criteria and standards agreed upon by both parties as set out in the 1BRO SPA). To date, an Acceptance Certificate has not been issued.

The installation, evaluation and testing of Telupay Philippines’s services under the Mobile Wallet System will be at no cost to 1BRO. Once an Acceptance Certificate has been issued, 1BRO will charge its members for the use of the Mobile Wallet System and the fees generated will be shared between Telupay Philippines and 1BRO on a per transaction basis as set forth in Table 1 of Annex A of the 1BRO SPA.

Additional services provided by Telupay Philippines through third parties are available to 1BRO including electronic load aggregation and bulk short messaging. The third party revenues are stated in Table 1 of Annex B of the 1BRO SPA and are shared amongst 1BRO, the agent, the 1BRO member, and Telupay Philippines.

Either party may terminate the 1BRO SPA at any time upon written notice served upon the other party at least six months prior to the second anniversary year of the 1BRO Effective Date.

The description set forth above is qualified in its entirety by the 1BRO SPA, which is filed as Exhibit 10.2 to this Current Report and is incorporated by reference herein.

### IWave Messaging Services Agreement

On August 1, 2013, Telupay Philippines entered into a messaging services agreement (the “**IWave Agreement**”) with IWave, Inc. (“**IWave**”), a Philippines corporation, whereby IWave will provide to Telupay Philippines mobile infrastructure services that will enable Telupay Philippines to deliver mobile terminated SMS to multiple mobile networks worldwide through IWave’s platform.

Telupay Philippines will be invoiced monthly and will pay to IWave a fixed price per SMS sent by Telupay Philippines to IWave which has been accepted by IWave and validated before submitting the SMS for onward routing to the destination network operator offering a global system for mobile communications (GSM)-based mobile telephone network (the “**Chargeable Event**”). The price per Chargeable Event is PHP (Philippine pesos) 0.53 in the Philippines, PHP 1.23 in Malaysia, and PHP 0.83 in Indonesia.

The IWave Agreement will remain in effect from the date of the IWave Agreement for twelve months and is automatically renewed for successive twelve month periods unless either party

provides written notice of termination at least thirty days prior to the expiration of the present term.

The description set forth above is qualified in its entirety by the IWave Agreement which is filed as Exhibit 10.3 to this Current Report and is incorporated by reference herein.

## II. Recent Agreements Entered into by the Company

The Company (through its subsidiary Telupay Philippines) has recently entered into the agreements described below.

### *Konek2CARD Outsourcing Pilot Agreement*

On July 23, 2014, Telupay Philippines entered into an outsourcing pilot agreement (the “**Pilot Agreement**”) by and among Telupay Philippines, CARD Bank, Inc. (“**CARD Bank**”), a Philippines corporation, and CARD MRI Information Technology, Inc. (“**CMIT**”), a Philippines corporation, whereby Telupay Philippines agreed to provide to CARD Bank and CMIT its mobile banking services and use of its application platform (the “**Telupay Services**”) for a trial period to enable CARD Bank and CMIT to assess the acceptability of Telupay Philippines’s services (the “**Pilot Program**”). CMIT will provide to CARD Bank services to enable CMIT to assess the viability of the Telupay Services and to implement the technical requirements of the Telupay Services. Responsibilities of CARD Bank under the Pilot Agreement include establishing the control group that will be included in the pilot, providing knowledgeable manpower and merchandising materials, and covering the Pilot Program members’ registration fee payable to third-party providers.

The evaluation of the Pilot Program will be based on key performance indicators agreed upon by the parties in the Pilot Agreement. The Pilot Program will be for a period of five months (the “**Pilot Period**”). Installation, evaluation and testing of the Telupay Services under the Pilot Agreement will be at no cost to CARD Bank.

Within fifteen days from the completion of the Pilot Program, CARD Bank will notify Telupay Philippines regarding the outcome of the evaluation and may issue an acceptance certificate (the “**Acceptance Certificate**”) signifying CARD Bank’s acceptance of the CMIT and Telupay Services as being compliant with the criteria and standards agreed to by the parties. If CARD Bank issues an Acceptance Certificate, the Pilot Program will proceed to commercial operation, which will be covered by a new agreement between the parties.

Under the Pilot Program, the use of Telupay Services by CARD Bank and its members will be subject to charges outlined in Annex A of the Pilot Agreement. Generally, CMIT will pay to Telupay Philippines PHP 0.20 per mobile transaction (the “**Transaction Fee**”) done by members using the mobile application on any channels provided by the Telupay Services. Telupay Philippines will charge CMIT PHP 0.75 per SMS for less than one million SMS per month, PHP 0.70 per SMS between one million and two million SMS per month, or PHP 0.65 per SMS for two million or more SMS per month. If the Pilot Program proceeds to commercial operation, the same fees shall be applied. In lieu of the Transaction Fee per usage, CMIT may opt to pay a yearly activation fee of PHP 25 per year per user if there are less than one million users, or PHP 20 per year per user if there are one million or more users. In addition, Telupay Philippines will

be entitled to collect annual maintenance fees starting in the second year following the Pilot Period.

The description set forth above is qualified in its entirety by the Pilot Agreement, which is filed as Exhibit 10.4 to this Current Report and is incorporated by reference herein.

#### MCDC Letter of Understanding

On July 25, 2014, Telupay Philippines entered into a Letter of Understanding (the “**LOU**”) with Mass-Specc Cooperative Development Center (“**MCDC**”) with regards to the implementation of the MCDC Front Liner Incentive Promo 2014. The promotion period will be from August 1, 2014 to January 31, 2015. Under the LOU, Telupay Philippines provides front liner cooperatives, who are members of MCDC (each, a “**Front Liner**”), incentives (the “**Incentives**”) to use the MCDC mobile banking system, which was developed by Telupay Philippines. To qualify for the Incentives, a Front Liner must reach 1,500 qualified mobile activations within the promotion period. Under the LOU, Telupay Philippines will provide the following Incentives in to each Front Liner (in the form of credit to each such Front Liner’s MCDM ATM account) and to MCDC (in cash):

- For 1500 or more mobile activations in a month, the Front Liner will receive PHP 4 per activated user (equivalent to PHP 6,000) and MCDC will receive PHP 6 per activated user (equivalent to PHP 9,000).
- For less than 1500 (but not below 500) mobile activations in a month, the Front Liner will receive PHP 2 per activated user and MCDC will receive PHP 3 per activated user.

The LOU is effective from July 25, 2014 to January 31, 2015, or until mutually extended by both parties.

The description set forth above is qualified in its entirety by the LOU, which is filed as Exhibit 10.5 to this Current Report and is incorporated by reference herein.

## **SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS**

### **Item 9.01 Financial Statements and Exhibits**

#### **(a) Financial Statements of Business Acquired**

Not applicable.

#### **(b) Pro forma Financial Information**

Not applicable.

#### **(c) Shell Company Transaction**

Not applicable.

**(d) Exhibits**

| <b>Exhibit</b> | <b>Description</b>  |
|----------------|---|
| 10.1           | Service Provider Agreement between Telupay Solutions Limited and Celluserv, Inc. dated March 24, 2011.  |
| 10.2           | Service Provider Agreement for Mobile Wallet System between Telupay (Philippines) Inc. and 1BRO Global Inc. dated May 27, 2013.                           |
| 10.3           | Messaging Services Agreement between IWave Inc. and Telupay (Philippines) Inc. dated August 1, 2013.  |
| 10.4           | Konek2CARD Outsourcing Pilot Agreement between CARD Bank, Inc., CARD MRI Information Technology, Inc. and Telupay (Philippines) Inc. dated July 23, 2014. |
| 10.5           | Letter of Understanding between Mass-Specc Cooperative Development Center and Telupay (Philippines) Inc. dated July 25, 2014.                             |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**TELUPAY INTERNATIONAL INC.**

Date: August 26, 2014

/s/ Adrian Crawford Ansell

Name: Adrian Crawford Ansell

Title: President, Chief Executive Officer and a  
director

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**DATED**

**March 24, 2011**

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**SERVICE PROVIDER AGREEMENT**

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**THIS SERVICE PROVIDER AGREEMENT** is made on March 24, 2011

**BETWEEN:**

- (1) **TELUPAY SOLUTIONS LIMITED**, incorporated in incorporated in Jersey, whose registered address is First Floor, 17 The Esplanade, St. Helier, Jersey JE2 3QA ("**Telupay**"); and
- (2) **CELLUSERV, INC.**, a Guam corporation whose mailing address is 137 Murray Blvd., Suite 28, Hagåtña, Guam 96910 ("**Celluserv**")

Collectively known as "**Parties**"

**RECITALS:**

**CelluServ** has established agreements and connectivity with Mobile Network Operators ("MNO") in Micronesia to sell and electronically distribute MNO Prepaid Airtime and Prepaid Long Distance products ("**MNO Prepaid Products**").

**Telupay** has the expertise and resources to provide services electronically distributing MNO prepaid products and services provisioning the monetary settlement of sales and commissions for said products and services ("**Services**").

**Celluserv** shall avail of and **Telupay** shall provide Telupay Services (as defined below), covering Micronesia which includes Guam, the Commonwealth of the Northern Marianas, the Republic of Palau, the Federated States of Micronesia (Yap, Pohnpei, Chuuk, and Kosrae), Truk, the Marshall Islands, Kiribati, and Wake Island ("**Territory**").

Both **Parties** desire to create the basis for a close and long-term relationship and, therefore, wish to establish this Agreement in which both Parties will cooperate together to sell and electronically distribute products and services to potential clients.

**IT IS AGREED** as follows:

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**1 Telupay Responsibilities**

- 1.1 Provide its services and related products based on the specifications and functionality as outlined in Schedule A, to be utilized for the sale, electronic processing, and settlement of MNO Prepaid Products and Services. This includes the server-based transaction processing software, point-of-sale software, mobile agent applet, pin repository and distribution software, application program interface to MNO prepaid systems, website software, and application program interface to Telupay Mobile Banking System (collectively the "**Telupay Services**").
- 1.2 Make available to CelluServ application interfaces for all phone applets that Telupay has licenses for and has developed as part of the Telupay Services.
- 1.3 Deliver Telupay Services and install them on CelluServ servers and equipment within the Territory.
- 1.4 Provide training services and manuals for each product described above guided by Schedule A.

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## **2 Celluserv Responsibilities**

- 2.1 Source and provide the hardware requirements at its own expense and be responsible for ensuring that the hardware provided meets the Server Hardware Requirements outlined by Telupay in Schedule “A”.
- 2.2 Use its best effort to promote and market MNO Prepaid Products and Services.
- 2.3 Provide Telupay’s clients access to sell MNO Prepaid Products and Services.
- 2.4 Provide Telupay authorized personnel with full, free, and safe 24/7 access to its equipment for purposes of support, including the use of computer and data communication facilities, if required.

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## **3 Acceptance**

When Telupay determines the Telupay Services has been achieved , Telupay shall provide written notification of such fact to CelluServ. CelluServ shall have an acceptance period of thirty (30) working days, from the date of receipt of Telupay’s notice, in which to conduct tests to determine if the Telupay Services has been achieved. On or prior to the expiration of this acceptance period, CelluServ shall provide to Telupay a written notice of either, (1) acceptance, or (2) notice of non-achievement and rejection of same.

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## **4 Fees**

CelluServ shall pay Telupay a Service Fee equivalent to TWENTY TWO and a HALF percent (22.5%) of the gross transaction fees earned from MNO Prepaid Products through its use of the Telupay Services less half of the total SMS, MMS, IP Packet and other message or mobile transmission costs incurred for said transactions covered by this Agreement. Service fees shall be paid and extracted utilizing Telupay Services during the settlement process of all transactions either real time or as part of the financial institution's daily end-of-day batch process, or however the bank prefers its settlement procedures.

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## **5 Term**

This Agreement is for one (1) year and is automatically renewable for successive like periods of one year for each anniversary of the Effective Date unless either Party, at least three (3) months prior to the next anniversary date, should give written notice of termination .

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## **6 Limited Use**

Telupay hereby grants to CelluServ access within the Territory to use the Telupay Services (to include Program Disks and the computer programs contained therein in machine-readable , object code form only), and the accompanying Services Documentation which means to include the services and training manuals, user instructions , technical literature and all other related materials in eye readable format. CelluServ agrees that it will not assign, sublicense, transfer, pledge, lease, rent, or share its rights under this Agreement, and that it may not reverse assemble, reverse compile, or otherwise translate the Telupay Services. CelluServ acknowledges and agrees that the Telupay Services and the Services Documentation are proprietary products

of Telupay, and that all right, title, and interest in and to the Telupay Services and Services Documentation shall remain with Telupay.

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## **7 Exclusivity**

Within the contracted (1) year anniversary period counted from the Effective Date, Telupay grants Celluserv exclusivity to engage and implement the Telupay Services in the Territory. The exclusivity granted hereunder in favour of Telupay shall *ipso facto* cease and terminate without need of notice should commercial targets set by both Parties are not realized by Celluserv within the term given and/or the option of accomplishing the commercial targets are clearly viable with the participation of a third-party whose terms of engagement shall be subject to a separate agreement with both Parties.

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## **8 Maintenance Services**

8.1 During the term of this Agreement, Telupay will provide maintenance services for the Telupay Services to CelluServ on the following terms and conditions:

- (a) Telupay will provide second-tier support to Celluserv during its regular business hours: Monday - Friday, 9:00 AM. to 6:00 P.M (Territory time).
- (b) On-call Celluserv support is available on weekends or on all holidays that the Celluserv observes to address emergency or critical situations wherein Telupay Services' cease to function and Telupay Services cannot continue, excluding dependencies from third-party service providers and other projects of Celluserv that use the functionalities of Telupay Services, are not functioning or functioning with the performance that makes it unusable.

8.2 CelluServ will receive all Telupay Services major version releases, minor updates and point releases of the Telupay Services. Telupay will provide installation, testing, and coordination of Telupay Services enhancements, revisions, and fixes. Telupay will perform monthly system health checks to ensure optimal system performance.

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## **9 Enhancements and Modifications**

During the term of this Agreement, CelluServ may request enhancements or changes to the scope and functionality of the Telupay Services as described in Schedule A CelluServ shall provide Telupay with written notification of the requested change. Telupay will provide CelluServ with a written proposal describing the specification changes, additional fees, and schedule impact of the proposed changes. CelluServ prior to Telupay proceeding with these changes must approve the proposal.

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## **10 Confidentiality**

CelluServ will use its best efforts to safeguard and maintain the confidentiality of proprietary information of Telupay, Telupay Services and Services Documentation. Likewise, Telupay will maintain the confidentiality of any such proprietary or confidential information of CelluServ. Both Parties agree that these obligations of non-disclosure shall survive the expiration, termination, or rescission of this Agreement.

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**11 Termination**

This Agreement may be terminated at any time through the Parties' mutual agreement. If either Party materially breaches this Agreement, the other Party may give written notice of its desire to terminate and the specific grounds for termination and, if such default is capable of being cured and the Party in default fails to cure the default within thirty (30) days of the notice, the other party may terminate this Agreement. If such default is incapable of cure, the other party may terminate this Agreement immediately upon written notice of its desire to terminate. Either Party may terminate this Agreement for cause by giving written notice of election to terminate. Such termination shall be effective thirty (30) days from the mailing of written notice. Upon termination, any Telupay Services hereunder shall be immediately revoked and Telupay Services, Services Documentation and all affected products and supporting materials will be returned to Telupay.

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**12 Limitation of Liability**

In the event of either Party's failure to render agreed services, the aggrieved Party's sole remedy is to cancel this agreement and obtain substitute services , thus , in such case the aggrieved Party waives the remedy of specific performance. In no event shall either Party be liable to the other Party for any loss or injuries to earnings, profits, or goodwill, or for any incidental, special, punitive, or consequential damages of any person or entity whether arising in contract, tort or otherwise, even if either Party has been advised of the possibility of such damages.

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**13 Telupay Services Indemnity**

If any developed software or portion thereof used for Telupay Services is adjudged to infringe a United States Copyright, or in Telupay's opinion is likely to become the subject of such a claim, Telupay shall, at its option, either (a) procure for CelluServ the right to continue using the developed software, or (b) modify or replace the developed software to make it non-infringing. Telupay agrees to indemnify, defend, protect, save and hold harmless CelluServ and CelluServ's subsidiaries or affiliates under its control, and their directors, officers , employees and agents, against any and all losses, liabilities, judgments, awards and costs (including legal fees and expenses) arising out of or related to any claim, in whole or in part, that CelluServ's use or possession of the software and other products or services provided to CelluServ pursuant to this Agreement (the "Telupay Services") infringes or violates the copyright, trade secret, patent or any other proprietary right of any third party, including, but not limited to, any claim that CelluServ negligently failed to conduct a proper patent office search, or any other appropriate investigation related to Telupay Services. This contractual obligation of indemnification shall apply even if the third party alleges or establishes that CelluServ was partially negligent or otherwise at fault in retaining Telupay's Services, or accepting information, ideas, concepts, improvements, discoveries , inventions, or forms of expression of ideas from Telupay, or that CelluServ was negligent in failing to ascertain whether the information, ideas, concepts, improvements, discoveries , inventions, or forms of expression or ideas infringe the rights of third parties. Telupay shall defend and settle at its sole expense , all suits or proceedings arising, in whole or in part, out of the foregoing , provided that CelluServ give Telupay immediate written notice of any such claim of which it learns.

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**14 Employee Recruiting**

14.1 Each Party agrees not to employ or otherwise engage the other Party’s employees for a period of two (2) year following any employee’s last involvement in the performance of this Agreement unless agreed upon in writing by both Parties. Should a Party violate this provision; the hiring Party will pay the other Party the former employee’s annual salary. Such payment shall be the other Party’s sole remedy with respect to the hiring Party. However, such payment does not restrict the other Party’s rights or remedies as they relate to such former employee.

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**15 Relationship of Parties**

The Parties are independent contractors, and nothing in this Agreement shall be deemed or construed to create, or have been intended to create a partnership, joint venture, employment or agency relationship between the parties. Each Party agrees that it neither has nor will give the appearance or impression of possessing the legal authority to bind or to commit any other Party in any way except as provided in this Agreement.

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**16 Taxes**

The Parties each agree to be fully responsible for their respective tax liabilities, obligations and consequences (including, without limitation, reporting and payment obligations) arising from the transactions set out in this Agreement. No Party shall have any liability or obligation to any other Party for the proper reporting, calculation, assessment or payment of any taxes, fines or penalties that may be required of or assessed against any other Party.

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**17 Disputes**

Any controversy or claim arising out of or relating to this Agreement , or the breach hereof, shall be brought in any court having competent jurisdiction on Guam.

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**18 Applicable Law**

The laws of the Territory of Guam shall govern this Agreement. Both Parties’ representatives warrant their respective authorities to bind Telupay and CelluServ to this Agreement.

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**19 Entire agreement**

Each Party acknowledges that it has read the Agreement , understands it, and agrees to be bound by its terms. Both Parties agree that this is the complete and exclusive statement of the Agreement between the Parties and that this written Agreement supersedes and replaces all proposals oral or written and all other communications between the Parties relating to the subject matter of this Agreement.

The Parties have executed and delivered this Agreement on the date set out on the first page of this Agreement.

**SIGNATORIES**

**SIGNED** by

*/s/ Jose Louis Romero-Salas*

**JOSE LUIS ROMERO-SALAS**

**for and on behalf of**

**TELUPA Y SOLUTIONS LIMITED**

Address: First Floor, 17 The Esplanade, St. Helier,, Jersey JE2 3QA

E-Mail: info@telupay .com

**SIGNED** by

*/s/ Ronald J. Schnabel*

**RONALD J. SCHNABEL**

**for and on behalf of**

**CELLUSERV, INC.**

Address: 137 Murray Blvd., Suite 2B, Hagåtña, Guam 96910

E-Mail:RSchnabel@Cognitive-IT.com

# Schedule A: Telupay Electronic Prepaid Load Distribution Software Technical Description and Specifications

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### 1. **This Document**

This document describes the Electronic Prepaid Load Distribution System in technical detail. These descriptions also include the technical specifications of the various components of this system.

### 2. **Scope**

This document describes the Electronic Prepaid Load Distribution System and required interfaces only. Business processes are not covered.

### 3. **Definition of Terms**

- **Host** - CelluServ's transaction processing servers.
- **MBS** - Mobile Banking System, is the product that is installed onto the bank's system which handles the settlements on the bank side.
- **Retailer** - A retail institution such as a supermarket or department store that sells Prepaid Load.



- **Agent** - A retailer of Prepaid Load that is mobile and can transact from any location utilizing a mobile phone applet.
- **Applet** - A software program that is loaded on mobile phones for the purpose of selling Prepaid Load.

#### 4. Overview

##### Components

- Back office modules - used by CelluServ's staff to manage the system.
- Retailer/Agent web portal - a website used by retailers/agents to view transaction reports. It can also be used by retailers to manage clerk logins
- Consumer web portal - a website used by consumers to purchase Prepaid Load.
- Transaction processing - receives transactions sent by customers' mobile phones and performs the required processing.
- Reporting modules - provides CelluServ with reports on the operations and usage of the system.
- Terminal application - the software loaded onto a Point-of-Sale (POS) terminal which is used by the retailers for sellin1 Prepaid Load.
- Agent Applet - the J2ME-based application that is installed on agents' phones which is utilized for the selling of Prepaid Load.

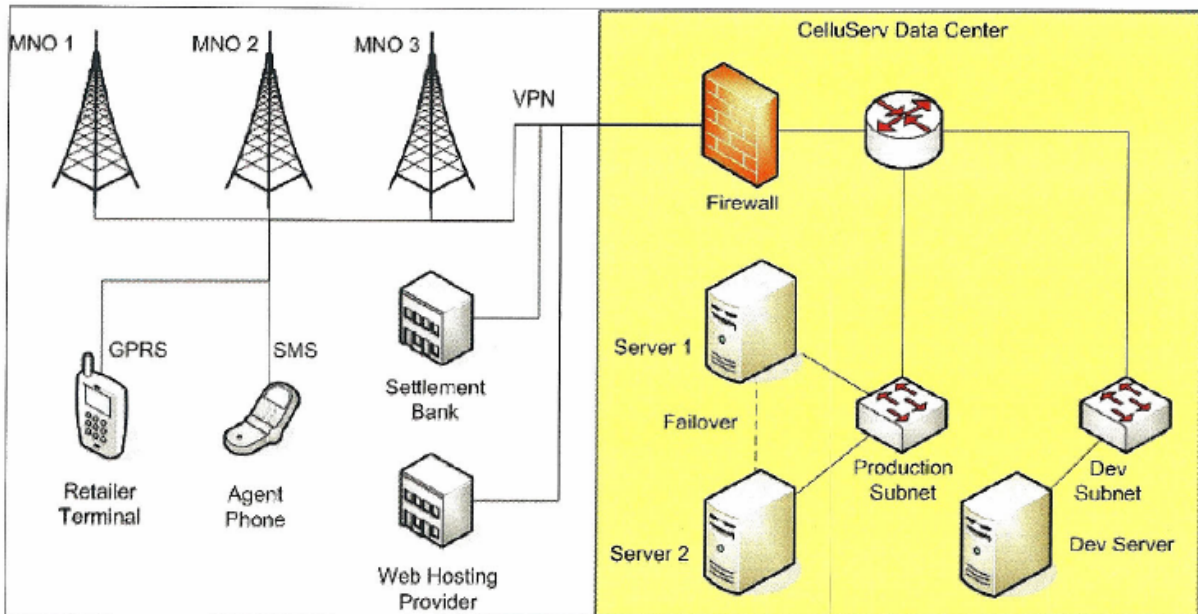
##### Security features

CelluServ's facility will provide first-level network protection using their firewall.

- All requests, data or SMS, originating from a mobile phone applet or POS terminal, are encrypted with AES. The request messages are kept encrypted until it reaches the server.
- All components are required to complete a transaction: registered phone number, correct Applet key, and correct MPIN. Service will be locked out after a consecutive number of incorrect MPIN attempts. The agent will have to contact CelluServ's customer support to have their service re-activated.
- Telupay's server does not store bank account information. All account numbers are stored on the bank's MBS component and CelluServ will only use the ID numbers assigned by the bank.

## 5. Network Systems Architecture

### a. Network Diagram



The core servers will be located within CelluServ's facility. Two sub networks should be provided by CelluServ, one for production and one for staging and development. The development server is where all enhancements will be installed and tested before deploying to production.

CelluServ's facility will be connected to the MNO's via Virtual Private Networks (VPNs). This connection will carry Prepaid Load requests, as well as CelluServ requests and messages.

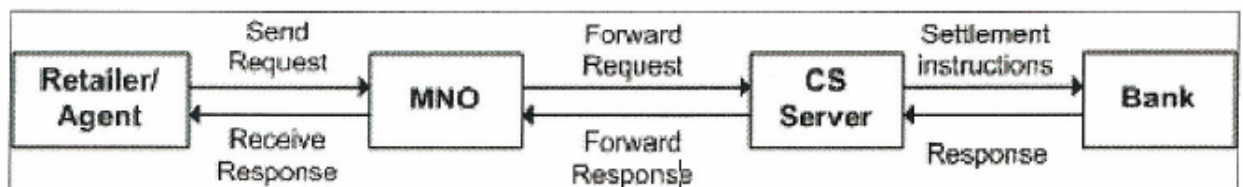
It will also be connected to the settlement bank via a VPN. This connection will carry settlement request traffic. The same VPN can also be used by the bank for MBS-based Prepaid Load purchases.

A web hosting provider, which houses the CelluServ Customer web portal, will connect to the core servers via HTTPS.

POS terminals will connect to the core servers via GPRS. This connection allows the terminal to log in, and request Prepaid Load from the server.

### b. Logical Communications Flow Diagram

#### i. Retailer/Agent Purchase



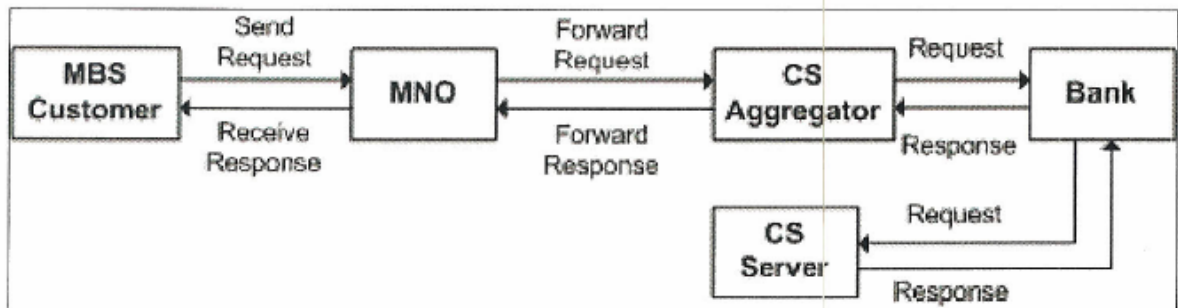
Communicates when a retailer or agent initiates a request from their device.

For terminals, the request goes through GPRS, which passes through their MNO. The MNO forwards the request to CelluServ's server. The communication going through the MNO is transparent to the user, and will appear as a direct Internet connection.

When CelluServ receives the request, it performs validation on the request. If the transaction is validated, it will then proceed to send settlement instructions to the bank.

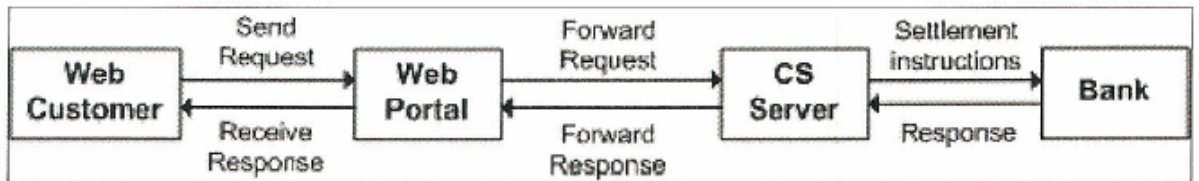
The bank sends a response back to CelluServ, which in turn returns the transaction result back to the retailer/agent.

## ii. MBS Purchase



For MBS-based purchases, the bank client initiates the transaction. MBS sends the request to CelluServ. From this point, the communication flow is the same as described in section i.

## iii. Web Portal Purchase



Web Portal purchases are initiated by a customer requesting to purchase Prepaid Load. The customer selects the desired product and the request is sent to CelluServ's server to check for product availability. If available, the customer then proceeds to pay via a payment gateway. Upon confirmation of the payment gateway, the portal requests the transaction to CelluServ's core server. From this point, the communication flow is the same as described in section i.

## 6. Server Hardware requirements

### Production servers

#### Processor

Quad-Core Intel® Xeon® Processor E5530 (2.40GHz, 8M Cache,1066MHz)

#### Memory

8GB PC3-10600R 4 x 2GB 2Rank Memory

Operating System

RedHat Enterprise Linux 5

Storage

SATA Controller, 2 x 450GB Non-Hot Plug 3.5 SAS 15,000rpm Dual Port Hard Drive, RAID Controller, 16X Half-Height SATA DVD-ROM Optical Drive, PCI-Express Gigabit Ethernet Adapter

Hardware requirements vary, depending on the expected transaction rate. However, the minimum requirements are that there should be at least two, to provide fail over and high availability.

**Development server**

Processor

Dual-Core Intel® Xeon® Processor E5502 (1.865GHz, 4M Cache, 800MHz)

Memory

4GB PC3-10600E 4x1GB 1Rank Memory

Operating System

RedHat Enterprise Linux 5 or CentOS 5

Storage

SATA Controller, 2x 750GB 3G SATA 7200rpm  
RAID Controller, 16X Half-Height SATA DVD-ROM Optical Drive, PCI-Express Gigabit Ethernet Adapter

Development server specs are less stringent; however it should be powerful enough that a stress test on that server will be able to estimate the production hardware’s transaction rate.

**7. Server application**

**a. Back Office modules**

| <b>Function</b>           | <b>Description</b>   |
|---------------------------|--|
| Retailer Management       | Allows for the management and input of retailer information and including tracking the distribution of POS terminals.  |
| Agent management          | Allows for the management and input of Agent information and including tracking the distribution of applets.   |
| MNO                       | This module is used to manage the MNO list.  |
| Products                  | This module is used to manage the list of MNO Prepaid products.  |
| Commercial Terms          | This module is used to manage the percentage splits between CelluServ, the settlement Bank, MNO, Retailer or Agent, and Telupay.   |
| Transaction Logs          | This module is used to view transactions recorded on the system. It is made available for research in case of customer inquiries.  |
| E-Load Transaction Server | This module is used to manage all aspects of an e-load transaction as an interface with the MNO prepaid system and the Banking system to execute a complete transaction cycle.                   |
| Manual Overrides          | This module allows CelluServ to push manual transactions, such as a bank settlement or a Prepaid Load purchase without settlement, in the event a complete sale cycle did not complete normally. |

| Function | Description   |
|----------|---|
| Reports  | Various reports based on selectable timeframes. Included are: <ul style="list-style-type: none"> <li>a. Transaction Reports - Summary and Detail of transactions by MNO, MNO Product, and Retailer/Agent.</li> <li>b. Settlement Report - Summary and detail reports of financial transactions. This is used for reconciling with corresponding transaction reports.</li> </ul> |

**b. Prepaid Load – PIN Distribution**

| Function        | Description  |
|-----------------|--|
| PIN Loader      | This module provides the carrier with a web-based GUI where a batch of PINs can be uploaded using a CSV file.  |
| PIN Dispenser   | This module provides a web-service endpoint where a vendor can connect to and retrieve PINs on demand. The web-service is REST-based.  |
| Vendor Reports  | <ul style="list-style-type: none"> <li>a. Transaction log - shows individual transactions done on the system. This report is also used during settlement to reconcile with corresponding bank transaction reports.</li> <li>b. Transaction Summary - Displays summary of transactions/statistics performed on the system.</li> <li>c. Product Inventory Report - shows the number of PINS in the system. It will display status of each particular product type, the quantities sold and available.</li> </ul> |
| Carrier Reports | <ul style="list-style-type: none"> <li>a. Transaction Log - shows individual transactions done on the system per carrier. This report is also used during settlement to reconcile with corresponding bank transaction reports.</li> <li>b. Transaction Summary - shows summary of transactions done on the system per carrier.</li> </ul>  |

**c. Retailer/Agent Web Portal**

| Function        | Description   |
|-----------------|---|
| Terminals       | Used by retailers to view the terminals assigned to them. This is a view only function, and is only available to retailers' logins.                   |
| Clerks          | Used by retailers to manage logins to the terminals issued to them. Retailers may add, edit, and/or delete individual logins.                         |
| Transaction Log | Used to show transactions made through their account.   |
| Reports         | Various reports used to summarize transactions made through their account and for reconciling transactions against corresponding third-party reports. |

**d. Consumer Web Portal**

| Function      | Description   |
|---------------|---|
| Purchase Load | This module is used to dispense Prepaid Load via the web using credit card payment.   |
| Reports       | <ul style="list-style-type: none"> <li>a. Transaction Detail - shows a detailed list of load purchase transactions done on the web portal. Should be accessible only via a secure login.</li> <li>b. Transaction Summary - shows a summary of load purchase transactions done on the web portal. Should be accessible only via a secure login.</li> </ul> |

## 8. Terminal application

The terminal application is a compiled application and is loaded onto the terminal manually.

| Function | Description   |
|----------|---|
| Purchase | Allows retailers to request purchase of Prepaid Load products including PIN and Direct Top-up method. |
| Invoice  | Allows retailers to reprint voucher of the last transaction   |
| Reports  | Includes:<br>a. Transaction summary report; and<br>b. Shift report                                    |
| Update   | This updates the terminal's product list.   |

## 9. Agent Applet

The agent Applet is installed onto the agents' phones and can be a J2ME, Blackberry and/or iPhone-based application.

| Function            | Description  |
|---------------------|--|
| Purchase            | A menu driven application that allows agents to request purchase of Prepaid Load products. |
| Transaction history | Displays the last 3 transactions the agent has made.                                       |
| Change MPIN         | This allows the agent to change their MPIN.  |

## 10. Application Program Interfaces (API)

These interfaces provide CelluServ with application connectivity with the bank MBS and MNO Prepaid system.

| Function | Description  |
|----------|--|
| MNO API  | Provides a direct interface to each MNO's Prepaid system. This gives retailers, agents, and bank clients the ability to process Direct Top-up transactions . |
| MBS API  | Provides an interface to Telupay's Mobile Banking System installed in financial institutions for the settlement of all Prepaid Load transactions.            |

**SERVICE PROVIDER AGREEMENT FOR MOBILE WALLET SYSTEM**

**THIS SERVICE PROVIDER AGREEMENT FOR MOBILE WALLET SYSTEM** is made on 27<sup>th</sup> of May 2013 (“**Effective Date**”)

**BETWEEN:**

- (1) **TELUPAY (PHILIPPINES) INC.**, a corporation organized and existing under and by virtue of Philippine laws with principal offices located at 6th Floor Kings Court Building 2, 2129 Don Chino Races Avenue corner DelaRosa Street, Makati City, Philippines 1230 (“**TelUPay**”); and
- (2) **1BRO GLOBAL INC.**, a company organized and existing under the laws of the Philippines with principal place of business at Unit 619 City Land Mega Plaza, ADB Ave., corner Garnet Road, Ortigas Center, Pasig City, Philippines (“**1BRO**”).

**RECITALS :**

**TelUPay** has agreed to provide and **1BRO** has agreed to receive and use the **TelUPay** Services as a Mobile Wallet System for **1BRO’s** members (“**Network**”) guided by terms and conditions in this **Service Provider Agreement**.

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATIONS.**

- 1.1. “**Acceptance Certificate**” is a confirmation of **1BRO’s** acceptance of the **TelUPay** Services as a **mobile wallet** system for the **1BRO’s** and its **Network** use as being compliant with the criteria and standard set and agreed upon by both Parties.
- 1.2. “**SPA**” shall mean this Memorandum of Agreement.
- 1.3. “**Notice to Commence Testing**” is issued by the **TelUPay** to **1BRO** confirming **TelUPay** Services is ready for testing and evaluation.
- 1.4. “**Parties**” shall collectively refer to **TelUPay** and **1BRO**, and “**Party**” shall refer to any of the individual Parties.
- 1.5. “**Mobile Wallet System**” shall mean **1BRO** and its **Network** use of the **TelUPay** Services under Section 2 this Agreement. The Mobile Wallet System will allow **1BRO’s** **Network** to perform financial transactions using their mobile phones attached to a virtual mobile account.
- 1.6. “**Service Provider Agreement (SPA)**” shall mean this agreement executed by and between the Parties that define the terms and conditions governing the production and/or commercial implementation of the **TelUPay** Services in the operations of **1BRO**.
- 1.7. “**TelUPay Services**” means the utilisation of the **TelUPay’s** Mobile Wallet Solution for short message service (SMS) under the Mobile Wallet System providing mobile wallet functionalities, including all updates, patches or enhancements thereto, training, maintenance and support services and other deliverables and information supplied by or on behalf of the Service Provider, which will enable specific transactions allowed by the **1BRO’s** and its members to use the mobile financial services such as balance inquiry per account, fund transfer from own account to own account and to other account, buy airtime load, bill payment (subject to approval of a 3<sup>rd</sup> Party biller aggregator), change MPin, and history of transactions.

- 1.8. **“TelUPay Services Documentation”** means the services manuals, user instructions, technical literature and all other related materials in eye readable form supplied to the **1BRO** by **TelUPay** for aiding the use of the **TelUPay** Services
- 1.9. **“TelUPay System”** means the **TelUPay** Services and the Services Documentation.
2. **TERM.** This **SPA** shall remain in full force and effect from the Effective Date up to five (5) years from the ACCEPTANCE DATE defined as the date of the issuance of Acceptance Certificate of the Mobile Wallet System unless otherwise extended upon the mutual written agreement of the Parties, or earlier terminated in accordance with this **SPA**.
3. **INSTALLATION CHARGES.** It is understood by the Parties herein that the installation, evaluation and testing of the **TelUPay** Services under the Mobile Wallet System shall be at no costs to **1BRO**. However; any requested additional development outside of the scope of this **SPA** shall be subject to approval of both Parties before commencing any work. **TelUPay** reserves the right to charge additional development , testing and implementation fees on any requests outside of this **SPA** .
4. **MOBILE WALLET SYSTEM.**
  - 4.1. The Mobile Wallet System shall be conducted accordingly:
    - 4.1.1. Installation of the **TelUPay** Services in the Pilot Server Set-Up in the **1BRO**'s premises to be completed within ninety (90) calendar days from Effective Date.
    - 4.1.2. Data gathering begins wherein **TelUPay** shall send a team of technical personnel to the **1BRO**'s premises and complete this phase within fourteen (14) calendar days. **1BRO** shall provide an assigned technical team for the Mobile Wallet System and shall extend all reasonable assistance and support in this regard to the **TelUPay** team.
    - 4.1.3. Upon completion of the installation, both Parties shall work together to complete the configuration within fourteen (14) calendar days. **1BRO** shall provide and be responsible for the testing environment in compliant with the **TelUPay** Services operational requirements.
    - 4.1.4. Upon the completion of the configuration, **TelUPay** shall issue **1BRO**, a written Notice to Commence Testing signifying the **TelUPay** Services' readiness for user testing and evaluation to be completed with the corresponding test and evaluation reports to be completed in ten (10) calendar days .
  - 4.2. Both Parties shall agree and establish the following testing and evaluation process:
    - 4.2.1. **TelUPay** Services system usage, and key metrics; plan and design tests (to include scenarios and models)
    - 4.2.2. **TelUPay** Services system and user performance and acceptance criteria for each end-to- end testing:
      - 4.2.2.1. systems integration test
      - 4.2.2.2. user acceptance test
      - 4.2.2.3. production verification test



- 4.2.3. Install and prepare test environment , tools, & resource monitors.
- 4.2.4. Script the performance tests as designed.
- 4.2.5. Run and monitor tests. Validate tests, test data, and results.
- 4.2.6. Analyze the data individually and as a cross-functional team.
- 4.2.7. Consolidate and share results.
- 4.2.8. Issuance of performance reports and Acceptance Certificate .
- 4.3. Upon release and review of test reports certified by both Parties, **1BRO** would issue an evaluation report on the **TelUPay** Services and upon meeting the standards and criteria set by both Parties, **1BRO** shall issue to **TelUPay**, an Acceptance Certificate or otherwise have deemed to have issued an acceptance of the **TelUPay** Services confirming both Parties to proceed with the production.
- 4.4. With the completion of the Mobile Wallet System and issuance of the Acceptance Certificate or deemed acceptance of the **TelUPay** Services, any further development for the modification or alteration of the agreed scope of work, business processes, features, or functionality shall be part of the production as agreed upon and signed by both Parties.

## 5. **MOBILE WALLET FUNCTIONALITIES**

- 5.1. Following are the functionalities of the Mobile Wallet for **1BRO** agents and members (JAVA, Android and iPhones)
  - 5.1.1. Balance Inquiry
  - 5.1.2. Buy Load
    - 5.1.2.1. For own phone
    - 5.1.2.2. For Others
  - 5.1.3. Pay Bills
  - 5.1.4. Transfer Funds
  - 5.1.5. Change Mobile PIN
  - 5.1.6. View Transaction History

## 6. **Additional Services for 1BRO provided by TelUPay through 3rd Party**

- 6.1. BATON (Batch-to-On-line) - this service may be availed by 1BRO. BATON is a service offered by a client of TelUPay, which will allow 1BRO to receive remittances from anywhere and terminate it to the target bank account of the recipient who has a bank account with a MEGALINK member bank(s). This service may be acquired by 1BRO from a partner bank of TelUPay.
- 6.2. Electronic Load Aggregation - should 1BRO opt to avail of mobile airtime service, a separate commercial contract for the supply of airtime load shall be entered by the

Parties which shall then be made integral part of this SPA. The rates for discount is given in the attached ANNEX A as Schedule of Fees

- 6.3. Bulk SMS - the TelUPay Mobile Wallet System is able to generate automatic system replies to queries coming from the end users. This notification service is inherent to the system. TelUPay also provides an integrated messaging platform from a 3<sup>rd</sup> Party provider which is required in the system. The cost of the SMS shall be for the account of 1BRO. TelUPay requires the bulk SMS to be pre-funded by 1BRO.

## 7. TRANSACTION CHARGING FEES, SMS Costs, and SETTLEMENT

- 7.1. 1BRO shall charge its members for the use of the TelUPay system. The fees generated from the use of the TelUPay system shall be shared between TelUPay and 1BRO.
- 7.2. The charging rate per transaction to be followed and the sharing between the Parties are given in ANNEX A as Schedule of Fees
- 7.3. All System SMS Replies Costs shall be for the account of 1BRO, through prefunding of the Bulk Message Service.
- 7.4. The transaction fees that are due to TelUPay shall be automatically credited in a TelUPay assigned mobile wallet account ("Settlement Account") on a real time basis. The amount of the TelUPay Settlement Account shall be invoiced every end of the month and shall be released to TelUPay within five (5) business days from receipt of the invoice.

## 8. Confidentiality and Security.

- 8.1. As between **TelUPay** and **1BRO**, any and all information of whatever nature already disclosed or to be disclosed to each other, whether oral, written, or contained in any electronic or other medium ("Information Material"), including, but without limitation to, licenses, processes, services, products, forms, documents, specifications, designs, and structures, and any information derived by the Parties from the Information Materials, including, but not limited to, notes, reports, analyses, data, interpretations, forecasts, records, copies and reviews of the same made by the Parties relating to or with respect the following are deemed Confidential Information:
  - 8.1.1. Any and all of the **TelUPay** Services, **TelUPay** Services Documentation, and the **TelUPay** System (collectively, "**TelUPay** Confidential Information"), are confidential and proprietary to **TelUPay** and shall remain the property of **TelUPay**.
  - 8.1.2. Any and all data and information relating to deposits and accounts, funds, property, systems and businesses, and other information of similar nature, including those covered under Republic Act No. 1405, as amended, in the custody and possession of the **1BRO** pertaining to its business as an institution and its transactions (collectively, "**1BRO** Confidential Information") are confidential and proprietary to **1BRO** and shall remain the property of the **1BRO**.
- 8.2. Neither of the Parties shall use nor disclose the other Party's Confidential Information in any manner whatsoever other than in connection with the rights granted in this **SPA**.
- 8.3. Representatives of the Parties who are given access by any Party to the Confidential Information shall be bound by the terms of this Agreement. The term "Representatives" shall mean any director, officer, partner, stockholder, employee, agent and advisor (including, without limitation, lawyer, accountant and consultant) of a Party who strictly

needs to have access to the Confidential Information and only to the extent necessary for them to discharge their function or responsibility . This shall include the Representatives of the party's affiliates and subsidiaries.

- 8.4. A Party who is in possession of the other Party's Confidential Information shall implement and maintain security measures that it customarily implements and maintains for its own confidential information. Subject to any restrictions imposed by applicable governmental rules and regulations, a Party may require the other Party to implement and maintain security measures and standards for reference source code implementations, shared secret keys, proprietary technology, encryption and decryption keys, private keys as well as source and library files that contain confidential or proprietary information which are in accordance with industry or customary standards of commercial operations practices for managing the Confidential Information.
  - 8.5. All Confidential Information shall be and shall remain the property of the relevant Party.
  - 8.6. In case of violation of the confidentiality required in this **SPA** by a Party, the offended Party may choose at any time to terminate this **SPA** and the flow of Information Material (but without prejudice to other legal rights and remedies which it may have).
  - 8.7. Within forty-eight (48) hours from receipt of notice from the offended Party, the offending Party shall return all Information Material and all copies made thereof, and will cause notes, reports, analyses, data, interpretations, forecasts, records, copies and reviews of the same, to be destroyed. Any such destruction shall be certified in writing to the offended Party by the authorized officer of the offending Party supervising the same. No such termination will affect the obligations of the Parties or those of their Representatives herein, all of which obligations shall survive such termination and shall continue in effect.
9. **"As Is" Clause and Disclaimer.** **TelUPay** provides the **TelUPay** Confidential Information, or any part thereof, enhancements thereto, and any other items, deliverables, information, and support services (if any) supplied by or in behalf of **TelUPay** on an "as is" basis and with all faults, and hereby disclaims all other warranties, conditions, and representations, whether express, implied or statutory, including, but not limited to, any (if any) implied warranties, duties or conditions of merchantability, of fitness for a particular purpose, of reliability or availability , of accuracy or completeness of responses, of results, all with regard to the **TelUPay** Confidential Information, and the provision of or failure to provide support or other services, information, software, and related content through the **TelUPay** Confidential Information or otherwise arising out of the use of the **TelUPay** Confidential Information.

Notwithstanding the above paragraph, **TelUPay** warrants that it possesses sufficient authority and licence from the owner/licensor of the **TelUPay** Confidential Information, the **TelUPay** Services to use the same for purposes of the Mobile Wallet System and that such use shall not infringe on the property rights of third parties. In this connection, **TelUPay** hereby holds **1BRO** free and harmless from any such third party claims, liabilities or responsibilities for possible infringement arising from or incidental to any third party claim for infringement on the **TelUPay** Confidential Information, the **TelUPay** Services and undertakes to indemnify the **1BRO** for any loss or damage it may incur in the said circumstances .

10. **Restrictions.**

- 10.1. **Reservation of Rights.** **TelUPay** reserves all rights not expressly granted to **1BRO** in this **SPA**. Except as provided herein, no use, rights, and/or license is granted by **TelUPay**, either directly or by implication, estoppel, or otherwise, and any rights not expressly granted to **1BRO** hereunder are reserved by Service Provider. No licence is granted for any products or services of Service Provider. **1BRO** is not granted the license

or any rights or interest to develop, manufacture, sell, lease, dispose, implement, or distribute the **TelUPay** Services nor to review and study the same with other parties not authorized by this **SPA**.

- 10.2. **Prohibition On Reverse Engineering, Decompilation, Disassembly, etc.** **1BRO** shall not reproduce, distribute, market, disclose, reverse engineer, decode, decompile, disassemble, license, assign, transfer, or allow the unauthorized use or disclosure of any part or the whole of the **TelUPay** Confidential Information.
  - 10.3. **Ownership of TelUPay Services.** **TelUPay** Services may be installed on **1BRO**'s server specifically allocated for the operation of the Mobile Wallet System provided that the **TelUPay** Services are and will remain the property of **TelUPay** and/or its licensor.
  - 10.4. **Retention of Ownership.** Any and all of the **TelUPay** Confidential Information shall be and remain the property of **TELUPAY** and/or its licensor, and **1BRO** shall have no rights, title or interest in and to the same.
  - 10.5. **No Licence Granted.** Nothing in this **SPA** shall be construed or interpreted to grant any licence in favor of **1BRO** over the whole or part of the **TelUPay** Confidential Information.
  - 10.6. **Regulatory permits.** **1BRO** undertakes to secure business or government regulatory licenses, permits and approvals that are necessary, or considered appropriate and advisable, for the installation and maintenance of the **TelUPay** Confidential Information. **TelUPay** undertakes to cooperate with **1BRO** to secure these licenses, permits and approvals.
11. **Termination and Notice.**
- 11.1. Either Party may terminate the Mobile Wallet System and/or this **SPA** at any time upon written notice served upon the other party at least six (6) months prior to the second anniversary year from Effective Date; provided, however, in the event of failure without justifiable reason of **TelUPay** or for causes not attributable to its fault or omission to comply with or meet the due dates prescribed in this **SPA**, **1BRO** may terminate this **SPA** without any liability on the part of **TelUPay** by serving written notice thereof upon **TelUPay** within thirty (30) calendar days from the appropriate due date. Thereupon, **1BRO** shall cease and desist from using the **TelUPay** Confidential Information without need of further notice. Upon termination, **TelUPay** shall proceed to physically remove its **TelUPay** Services from **1BRO**'s server and premises.
  - 11.2. **Return of embodiments or records of Confidential Information and other property.** Upon termination of this **SPA**, each of the Parties shall immediately return to the other Party the entirety of such other Party's Confidential Information and other property that may be in its possession or in the possession of its directors, officers, employees, staff, consultants, agents, and representatives. The returning Party shall then execute a sworn Acknowledgment that it has returned the entirety of the other Party's Confidential Information and property.
12. **Assignability.** **TelUPay** hereby reserves its right to assign all or part of the **TelUPay** Confidential Information, and/or this **SPA** to any of its ascendant companies, subsidiaries, affiliates or related companies without need of consent on the part of **1BRO**. However, a written notice of the said assignment shall be provided to **1BRO** at least 30 days prior to the effective date of the assignment.
13. **Governing Law.** This **SPA** shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

IN WITNESS WHEREOF, the Parties to this **SPA** have caused it to be executed by their duly authorized officers as of the date and at the place first written above.

**TELUPAY (PHILIPPINES) INC.**

**By:** */s/ Preseveranda Hernandez*

\_\_\_\_\_  
**PERSEVERANDO HERNANDEZ**  
Director/Founder

As Witnessed by:

*/s/ Rosarito Carrillo*

\_\_\_\_\_  
**ROSARITO CARRILLO**  
COO

**1BRO GLOBAL INC.**

**By:** */s/ Rico D. Lorredo*

\_\_\_\_\_  
**RICO D. LORREDO**  
President/CEO

*/s/ Alan Burgos*

\_\_\_\_\_  
**ALAN BURGOS**  
Marketing/Admin

*SUBSCRIBED AND SWORN TO BEFORE ME THIS DAY OF MAY 27, 2013 IN THE CITY OF MAKATI, PHILIPPINES. AFFIANT EXHIBITED TO ME HIS/HER VALID I.D. WITH NUMBER \_\_\_\_\_, ISSUED ON \_\_\_\_\_, ISSUED AT \_\_\_\_\_.*

Doc. No. 129  
Page No. 21  
Book No. 110  
Series of 2013

*ATTY. VIRGILIO R. BATALLA  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M-35  
UNTIL DECEMBER 31, 2014  
ROLL OF ATTORNEY 48340  
MOLE COMPLIANCE NO. III-21854  
NO. 706762 LIFETIME MEMBER  
PTR NO. 356-0329 JAN 2, 2013  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR JUPITER ST*

Annex “A”  
 Schedule of Fees  
 TRANSACTION FEE SHARING (TABLE 1)

| item | TRANSACTION         | TRANSACTION FEE (PESOS) | SMS REPLIES COST (PHP) | 1BRO SHARE (PHP) | TeiUPay SHARE (PHP) |
|------|---------------------|-------------------------|------------------------|------------------|---------------------|
| 1    | BALANCE INQUIRY     | 2.000                   | 0.750                  | 0.625            | 0.625               |
| 2    | BUY LOAD            | 2.000                   | 0.750                  | 0.625            | 0.625               |
| 3    | PAY BILLS           | 5.000                   | 0.750                  | 2.125            | 2.125               |
| 4    | TRANSFER FUND       | 7.500                   | 0.750                  | 3.375            | 3.375               |
| 5    | CHANGE MPIN         | 2.000                   | 0.750                  | 0.625            | 0.625               |
| 6    | VIEW HISTORY        |                         |                        |                  |                     |
|      | LAST 3 TRANSACTIONS | 2.000                   | 0.750                  | 0.625            | 0.625               |
|      | LAST 6 TRANSACTIONS | 3.500                   | 1.500                  | 1.000            | 1.000               |
|      | LAST 9 TRANSACTIONS | 5.000                   | 2.250                  | 1.375            | 1.375               |

3<sup>RD</sup> PARTY REVENUES (TABLE 2)

| DECIPTION          | 1BRO | AGENT/CENTER | MEMBER | TeiUPay |
|--------------------|------|--------------|--------|---------|
| BUY LOAD DISCOUNT  | 15%  | 30%          | 40%    | 15%     |
| BILLERS COMMISSION | 15%  | 30%          | 40%    | 15%     |

3rd party commissions are paid by the load aggregator or biller institution either as discount or collection fee. Load aggregators give discounts from airtime load purchases given in table 3 below, that discount is split between 1 bro, the 1 bro member or agent and TeiUPay. Billers' commission are given by the biller institution as a fee for collecting on the their behalf.

AIRTIME LOAD DISCOUNTS (TABLE 3)

| Item | Code    | Product        | Price | Discount | Fee  | Outlet Price |
|------|---------|----------------|-------|----------|------|--------------|
| 1    | AMAX 15 | Autoloadmax 15 | 15    | 10%      | 1.50 | 13.50        |
| 2    | AMAX 16 | Autoloadmax 16 | 16    | 10%      | 1.60 | 14.40        |
| 3    | AMAX17  | Autoloadmax 17 | 17    | 10%      | 1.70 | 15.30        |
| 4    | AMAX 18 | Autoloadmax 18 | 18    | 10%      | 1.80 | 16.20        |
| 5    | AMAX 19 | Autoloadmax 19 | 19    | 10%      | 1.90 | 17.10        |
| 6    | AMAX 20 | Autoloadmax 20 | 20    | 10%      | 2.00 | 18.00        |
| 7    | AMAX 21 | Autoloadmax 21 | 21    | 10%      | 2.10 | 18.90        |
| 8    | AMAX 22 | Autoloadmax 22 | 22    | 10%      | 2.20 | 19.80        |
| 9    | AMAX 23 | Autoloadmax 23 | 23    | 10%      | 2.30 | 20.70        |
| 10   | AMAX 24 | Autoloadmax 24 | 24    | 10%      | 2.40 | 21.60        |
| 11   | AMAX 25 | Autoloadmax 25 | 25    | 10%      | 2.50 | 22.50        |
| 12   | AMAX 26 | Autoloadmax 26 | 26    | 10%      | 2.60 | 23.40        |
| 13   | AMAX 27 | Autoloadmax 27 | 27    | 10%      | 2.70 | 24.30        |

| Item | Code    | Product        | Price | Discount | Fee  | Outlet Price |
|------|---------|----------------|-------|----------|------|--------------|
| 14   | AMAX 28 | Autoloadmax 28 | 28    | 10%      | 2.80 | 25.20        |
| 15   | AMAX 29 | Autoloadmax 29 | 29    | 10%      | 2.90 | 26.10        |
| 16   | AMAX 30 | Autoloadmax 30 | 30    | 10%      | 3.00 | 27.00        |
| 17   | AMAX 31 | Autoloadmax 31 | 31    | 12%      | 3.72 | 27.28        |
| 18   | AMAX 32 | Autoloadmax 32 | 32    | 12%      | 3.84 | 28.16        |
| 19   | AMAX 33 | Autoloadmax 33 | 33    | 12%      | 3.96 | 29.04        |
| 20   | AMAX 34 | Autoloadmax 34 | 34    | 12%      | 4.08 | 29.92        |
| 21   | AMAX 35 | Autoloadmax 35 | 35    | 12%      | 4.20 | 30.80        |
| 22   | AMAX 36 | Autoloadmax 36 | 36    | 12%      | 4.32 | 31.68        |
| 23   | AMAX 37 | Autoloadmax 37 | 37    | 12%      | 4.44 | 32.56        |
| 24   | AMAX 38 | Autoloadmax 38 | 38    | 12%      | 4.56 | 33.44        |
| 25   | AMAX 39 | Autoloadmax 39 | 39    | 12%      | 4.68 | 34.32        |
| 26   | AMAX 40 | Autoloadmax 40 | 40    | 12%      | 4.80 | 35.20        |
| 27   | AMAX 41 | Autoloadmax 41 | 41    | 12%      | 4.92 | 36.08        |
| 28   | AMAX 42 | Autoloadmax 42 | 42    | 12%      | 5.04 | 36.96        |
| 29   | AMAX 43 | Autoloadmax 43 | 43    | 12%      | 5.16 | 37.84        |
| 30   | AMAX 44 | Autoloadmax 44 | 44    | 12%      | 5.28 | 38.72        |
| 31   | AMAX 45 | Autoloadmax 45 | 45    | 12%      | 5.40 | 39.60        |
| 32   | AMAX 46 | Autoloadmax 46 | 46    | 12%      | 5.52 | 40.48        |
| 33   | AMAX 47 | Autoloadmax 47 | 47    | 12%      | 5.64 | 41.36        |
| 34   | AMAX 48 | Autoloadmax 48 | 48    | 12%      | 5.76 | 42.24        |
| 35   | AMAX 49 | Autoloadmax 49 | 49    | 12%      | 5.88 | 43.12        |
| 36   | AMAX 50 | Autoloadmax 50 | 50    | 12%      | 6.00 | 44.00        |
| 37   | AMAX 51 | Autoloadmax 51 | 51    | 12%      | 6.12 | 44.88        |
| 38   | AMAX 52 | Autoloadmax 52 | 52    | 12%      | 6.24 | 45.76        |
| 39   | AMAX 53 | Autoloadmax 53 | 53    | 12%      | 6.36 | 46.64        |
| 40   | AMAX 54 | Autoloadmax 54 | 54    | 12%      | 6.48 | 47.52        |
| 41   | AMAX 55 | Autoloadmax 55 | 55    | 12%      | 6.60 | 48.40        |
| 42   | AMAX 56 | Autoloadmax 56 | 56    | 12%      | 6.72 | 49.28        |
| 43   | AMAX 57 | Autoloadmax 57 | 57    | 12%      | 6.84 | 50.16        |
| 44   | AMAX 58 | Autoloadmax 58 | 58    | 12%      | 6.96 | 51.04        |
| 45   | AMAX 59 | Autoloadmax 59 | 59    | 12%      | 7.08 | 51.92        |
| 46   | AMAX 60 | Autoloadmax 60 | 60    | 12%      | 7.20 | 52.80        |
| 47   | AMAX 61 | Autoloadmax 61 | 61    | 12%      | 7.32 | 53.68        |
| 48   | AMAX 62 | Autoloadmax 62 | 62    | 12%      | 7.44 | 54.56        |
| 49   | AMAX 63 | Autoloadmax 63 | 63    | 12%      | 7.56 | 55.44        |
| 50   | AMAX 64 | Autoloadmax 64 | 64    | 12%      | 7.68 | 56.32        |
| 51   | AMAX 65 | Autoloadmax 65 | 65    | 12%      | 7.80 | 57.20        |
| 52   | AMAX 66 | Autoloadmax 66 | 66    | 12%      | 7.92 | 58.08        |
| 53   | AMAX 67 | Autoloadmax 67 | 67    | 12%      | 8.04 | 58.96        |
| 54   | AMAX 68 | Autoloadmax 68 | 68    | 12%      | 8.16 | 59.84        |
| 55   | AMAX 69 | Autoloadmax 69 | 69    | 12%      | 8.28 | 60.72        |

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| Item | Code     | Product         | Price | Discount | Fee   | Outlet Price |
|------|----------|-----------------|-------|----------|-------|--------------|
| 56   | AMAX 70  | Autoloadmax 70  | 70    | 12%      | 8.40  | 61.60        |
| 57   | AMAX 71  | Autoloadmax 71  | 71    | 12%      | 8.52  | 62.48        |
| 58   | AMAX 72  | Autoloadmax 72  | 72    | 12%      | 8.64  | 63.36        |
| 59   | AMAX 73  | Autoloadmax 73  | 73    | 12%      | 8.76  | 64.24        |
| 60   | AMAX 74  | Autoloadmax 74  | 74    | 12%      | 8.88  | 65.12        |
| 61   | AMAX 75  | Autoloadmax 75  | 75    | 12%      | 9.00  | 66.00        |
| 62   | AMAX 76  | Autoloadmax 76  | 76    | 12%      | 9.12  | 66.88        |
| 63   | AMAX 77  | Autoloadmax 77  | 77    | 12%      | 9.24  | 67.76        |
| 64   | AMAX 78  | Autoloadmax 78  | 78    | 12%      | 9.36  | 68.64        |
| 65   | AMAX 79  | Autoloadmax 79  | 79    | 12%      | 9.48  | 69.52        |
| 66   | AMAX 80  | Autoloadmax 80  | 80    | 12%      | 9.60  | 70.40        |
| 67   | AMAX 81  | Autoloadmax 81  | 81    | 12%      | 9.72  | 71.28        |
| 68   | AMAX 82  | Autoloadmax 82  | 82    | 12%      | 9.84  | 72.16        |
| 69   | AMAX 83  | Autoloadmax 83  | 83    | 12%      | 9.96  | 73.04        |
| 70   | AMAX 84  | Autoloadmax 84  | 84    | 12%      | 10.08 | 73.92        |
| 71   | AMAX 85  | Autoloadmax 85  | 85    | 12%      | 10.20 | 74.80        |
| 72   | AMAX 86  | Autoloadmax 86  | 86    | 12%      | 10.32 | 75.68        |
| 73   | AMAX 87  | Autoloadmax87   | 87    | 12%      | 10.44 | 76.56        |
| 74   | AMAX 88  | Autoloadmax 88  | 88    | 12%      | 10.56 | 77.44        |
| 75   | AMAX 89  | Autoloadmax 89  | 89    | 12%      | 10.68 | 78.32        |
| 76   | AMAX 90  | Autoloadmax 90  | 90    | 12%      | 10.80 | 79.20        |
| 77   | AMAX 91  | Autoloadmax 91  | 91    | 12%      | 10.92 | 80.08        |
| 78   | AMAX 92  | Autoloadmax 92  | 92    | 12%      | 11.04 | 80.96        |
| 79   | AMAX 93  | Autoloadmax 93  | 93    | 12%      | 11.16 | 81.84        |
| 80   | AMAX 94  | Autoloadmax 94  | 94    | 12%      | 11.28 | 82.72        |
| 81   | AMAX 95  | Autoloadmax 95  | 95    | 12%      | 11.40 | 83.60        |
| 82   | AMAX 96  | Autoloadmax 96  | 96    | 12%      | 11.52 | 84.48        |
| 83   | AMAX 97  | Autoloadmax 97  | 97    | 12%      | 11.64 | 85.36        |
| 84   | AMAX 98  | Autoloadmax 98  | 98    | 12%      | 11.76 | 86.24        |
| 85   | AMAX 99  | Autoloadmax 99  | 99    | 12%      | 11.88 | 87.12        |
| 86   | AMAX 100 | Autoloadmax 100 | 100   | 12%      | 12.00 | 88.00        |
| 87   | AMAX 101 | Autoloadmax 101 | 101   | 12%      | 12.12 | 88.88        |
| 88   | AMAX 102 | Autoloadmax 102 | 102   | 12%      | 12.24 | 89.76        |
| 89   | AMAX 103 | Autoloadmax 103 | 103   | 12%      | 12.36 | 90.64        |
| 90   | AMAX 104 | Autoloadmax 104 | 104   | 12%      | 12.48 | 91.52        |
| 91   | AMAX 105 | Autoloadmax 105 | 105   | 12%      | 12.60 | 92.40        |
| 92   | AMAX 106 | Autoloadmax 106 | 106   | 12%      | 12.72 | 93.28        |
| 93   | AMAX 107 | Autoloadmax 107 | 107   | 12%      | 12.84 | 94.16        |
| 94   | AMAX 108 | Autoloadmax 108 | 108   | 12%      | 12.96 | 95.04        |
| 95   | AMAX 109 | Autoloadmax 109 | 109   | 12%      | 13.08 | 95.92        |
| 96   | AMAX 110 | Autoloadmax 110 | 110   | 12%      | 13.20 | 96.80        |
| 97   | AMAX 111 | Autoloadmax 111 | 111   | 12%      | 13.32 | 97.68        |

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| Item | Code     | Product         | Price | Discount | Fee   | Outlet Price |
|------|----------|-----------------|-------|----------|-------|--------------|
| 98   | AMAX 112 | Autoloadmax 112 | 112   | 12%      | 13.44 | 98.56        |
| 99   | AMAX 113 | Autoloadmax 113 | 113   | 12%      | 13.56 | 99.44        |
| 100  | AMAX 114 | Autoloadmax 114 | 114   | 12%      | 13.68 | 100.32       |
| 101  | AMAX 115 | Autoloadmax 115 | 115   | 12%      | 13.80 | 101.20       |
| 102  | AMAX 116 | Autoloadmax 116 | 116   | 12%      | 13.92 | 102.08       |
| 103  | AMAX 117 | Autoloadmax 117 | 117   | 12%      | 14.04 | 102.96       |
| 104  | AMAX 118 | Autoloadmax 118 | 118   | 12%      | 14.16 | 103.84       |
| 105  | AMAX 119 | Autoloadmax 119 | 119   | 12%      | 14.28 | 104.72       |
| 106  | AMAX 120 | Autoloadmax 120 | 120   | 12%      | 14.40 | 105.60       |
| 107  | AMAX 121 | Autoloadmax 121 | 121   | 12%      | 14.52 | 106.48       |
| 108  | AMAX 122 | Autoloadmax 122 | 122   | 12%      | 14.64 | 107.36       |
| 109  | AMAX 123 | Autoloadmax 123 | 123   | 12%      | 14.76 | 108.24       |
| 110  | AMAX 124 | Autoloadmax 124 | 124   | 12%      | 14.88 | 109.12       |
| 111  | AMAX 125 | Autoloadmax 125 | 125   | 12%      | 15.00 | 110.00       |
| 112  | AMAX 126 | Autoloadmax 126 | 126   | 12%      | 15.12 | 110.88       |
| 113  | AMAX 127 | Autoloadmax 127 | 127   | 12%      | 15.24 | 111.76       |
| 114  | AMAX 128 | Autoloadmax 128 | 128   | 12%      | 15.36 | 112.64       |
| 115  | AMAX 129 | Autoloadmax 129 | 129   | 12%      | 15.48 | 113.52       |
| 116  | AMAX 130 | Autoloadmax 130 | 130   | 12%      | 15.60 | 114.40       |
| 117  | AMAX 131 | Autoloadmax 131 | 131   | 12%      | 15.72 | 115.28       |
| 118  | AMAX 132 | Autoloadmax 132 | 132   | 12%      | 15.84 | 116.16       |
| 119  | AMAX 133 | Autoloadmax 133 | 133   | 12%      | 15.96 | 117.04       |
| 120  | AMAX 134 | Autoloadmax 134 | 134   | 12%      | 16.08 | 117.92       |
| 121  | AMAX 135 | Autoloadmax 135 | 135   | 12%      | 16.20 | 118.80       |
| 122  | AMAX 136 | Autoloadmax 136 | 136   | 12%      | 16.32 | 119.68       |
| 123  | AMAX 137 | Autoloadmax 137 | 137   | 12%      | 16.44 | 120.56       |
| 124  | AMAX 138 | Autoloadmax 138 | 138   | 12%      | 16.56 | 121.44       |
| 125  | AMAX 139 | Autoloadmax 139 | 139   | 12%      | 16.68 | 122.32       |
| 126  | AMAX 140 | Autoloadmax 140 | 140   | 12%      | 16.80 | 123.20       |
| 127  | AMAX 141 | Autoloadmax 141 | 141   | 12%      | 16.92 | 124.08       |
| 128  | AMAX 142 | Autoloadmax 142 | 142   | 12%      | 17.04 | 124.96       |
| 129  | AMAX 143 | Autoloadmax 143 | 143   | 12%      | 17.16 | 125.84       |
| 130  | AMAX 144 | Autoloadmax 144 | 144   | 12%      | 17.28 | 126.72       |
| 131  | AMAX 145 | Autoloadmax 145 | 145   | 12%      | 17.40 | 127.60       |
| 132  | AMAX 146 | Autoloadmax 146 | 146   | 12%      | 17.52 | 128.48       |
| 133  | AMAX 147 | Autoloadmax 147 | 147   | 12%      | 17.64 | 129.36       |
| 134  | AMAX 148 | Autoloadmax 148 | 148   | 12%      | 17.76 | 130.24       |
| 135  | AMAX 149 | Autoloadmax 149 | 149   | 12%      | 17.88 | 131.12       |
| 136  | AMAX 150 | Autoloadmax 150 | 150   | 12%      | 18.00 | 132.00       |
| 137  | eLoad 15 | Smart eLoad 15  | 15    | 9%       | 1.35  | 13.65        |
| 138  | eLoad 30 | Smart eLoad 30  | 30    | 9%       | 2.70  | 27.30        |
| 139  | eLoad 50 | Smart eLoad 50  | 50    | 9%       | 4.50  | 45.50        |

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| Item | Code       | Product          | Price | Discount | Fee   | Outlet Price |
|------|------------|------------------|-------|----------|-------|--------------|
| 140  | eLoad 60   | Smart eLoad 60   | 60    | 9%       | 5.40  | 54.60        |
| 141  | eLoad 100  | Smart eLoad 100  | 100   | 9%       | 9.00  | 91.00        |
| 142  | eLoad 115  | Smart eLoad 115  | 115   | 9%       | 10.35 | 104.65       |
| 143  | eLoad 200  | Smart eLoad 200  | 200   | 9%       | 18.00 | 182.00       |
| 144  | eLoad 300  | Smart eLoad 300  | 300   | 9%       | 27.00 | 273.00       |
| 145  | eLoad 500  | Smart eLoad 500  | 500   | 9%       | 45.00 | 455.00       |
| 146  | eLoad 1000 | Smart eLoad 1000 | 1000  | 9%       | 90.00 | 910.00       |
| 147  | Xload 15   | Xpressload 15    | 15    | 9%       | 1.35  | 13.65        |
| 148  | Xload 20   | Xpressload 20    | 20    | 9%       | 1.80  | 18.20        |
| 149  | Xload 25   | Xpressload 25    | 25    | 9%       | 2.25  | 22.75        |
| 150  | Xload 30   | Xpressload 30    | 30    | 9%       | 2.70  | 27.30        |
| 151  | Xload 50   | Xpressload 50    | 50    | 11.5%    | 5.75  | 44.25        |
| 152  | Xload 75   | Xpressload 75    | 75    | 11.5%    | 8.63  | 66.38        |
| 153  | Xload 100  | Xpressload 100   | 100   | 11.5%    | 11.50 | 88.50        |
| 154  | Xload 150  | Xpressload 150   | 150   | 11.5%    | 17.25 | 132.75       |
| 155  | Xload 300  | Xpressload 300   | 300   | 11.5%    | 34.50 | 265.50       |
| 156  | Xload 500  | Xpress load 500  | 500   | 11.5%    | 57.50 | 442.50       |



## **MESSAGING SERVICES AGREEMENT**

**IWave, Inc. | TelUPay (Philippines) Inc.**

©2013 IWave



**This Messaging Services Agreement** (*the "Agreement"*)

**dated the 1<sup>st</sup> August 2013.**

**is made and entered into between**

**IWave Inc.**, a Company registered in Philippines and whose registered office is situated at 9/F Philippine AXA Life Centre, 1286 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines, duly represented by Mr. Cezar P. Gaon, President & COO, hereinafter referred to as "IWave",

and

TelUPay (Philippines), Inc., a company registered in the Philippines and whose registered office is at 6<sup>th</sup> Floor, King's Court II Building, 2129 Chino Roces Avenue corner Dela Rosa Street, Makati City, Philippines and duly represented by Rosariot D. Carrillo hereinafter referred to as "CLIENT", and together with IWave, the "PARTIES"

**Whereas**

**(A) IWave represents INFOBIP, a company which runs the business of international messaging services**

**(B) CLIENT intends to avail such messaging services from IWave**

**Now therefore, the PARTIES hereby agree as follows:**



## 1. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following definitions shall apply:

**"Affiliate(s)"** means (i) subsidiary or parent company of the Party to this Agreement, or (ii) any other entity whose assets are linked with either Party to this Agreement, or (iii) any entity controlled or controlling either Party to this Agreement. or (iv) any entity directly or indirectly controlled or controlling any subsidiary or parent company of either Party to this Agreement. For these purposes, an entity shall be treated as being controlled by another if that other entity has fifty per-cent (50%) or more of votes in such entity, is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

**"Agreement"** means this Messaging Services Agreement, the Addenda and Schedules set forth in this Messaging Service Agreement, attached hereto and made a part hereof, and any subsequent Addenda, Schedules, or Service Order Forms executed by the Parties, as such may be amended from time to time by written agreement between the Parties;

**"Chargeable Event"** means SM\$ sent by CLIENT to IWAVE which is subject to Successful Submit by IWAVE to destination Network Operator;

**"CLIENT Content"** means any information, data, or messages provided to IWAVE by or on behalf of the CLIENT, any Third Party Provider. or an End-User using CLIENT Services for transmission by IWAVE to a Network Operator;

**"CLIENT Covered Claim"** has the meaning as defined in Section 16 hereof;

**"CLIENT Services"** means the service(s) operated by CLIENT for distributing or sending CLIENT Content to End-Users; "Commencement Date" means the date when this Agreement is signed by and becomes binding on the parties; "Disclosing Party" means as set out in Section 9 hereof;

**"Dispute Notification"** means the notification of dispute regarding the invoiced amounts given by the CLIENT to IWAVE in accordance with Clause 4.5 hereof;

**"Due Charges"** means the undisputed portion of the payment owed by the CLIENT to IWAVE for the services rendered under this Agreement as described in detail in Section 4 hereof;

**"End-User"** means any customer of the CLIENT who uses CLIENT Services in order to receive CLIENT Content;

**"IWAVE Charges"** means amount payable by CLIENT to IWAVE for use of IWAVE Services as described in details in Schedule 1 to this Agreement;

**"IWAVE Data"** means data which is provided or generated in the course of provision of IWAVE Services;

**"IWAVE Rights"** means all Intellectual Property Rights owned by or licensed to IWAVE prior to or after the Commencement Date, including but not limited to those Intellectual Property Rights involved in any aspect of IWAVE Services, Platform or any device, software or data used in connection therewith, including without limitation the IWAVE Data;

**"IWAVE Services"** means mobile infrastructure services and/or other services provided by IWAVE to the CLIENT as expressly described in Schedule 3 hereof ("Service Description") and each Service Addenda attached hereto or mutually executed by the Parties;

**"Intellectual Property Rights"** means all copyright (including but not limited to rights in computer software), patents, trademarks, trade names, trade secrets, registered and unregistered design rights,



database rights and topography rights. all rights to bring an action for passing off, any other similar form of intellectual property or proprietary rights, statutory or otherwise, whether registerable or not and shall include applications for any of them, all rights to apply for protection in respect of any of the above rights and all other forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;

**"Messaging Transaction"** or **"SMS"** means the short text message sent to and from 'telephones which text comprises words or numbers or an alphanumeric combination up to one hundred and sixty (160) characters;

**"MT"** or **"Mobile Terminated"** shall mean the short text message sent by IWAVE from the Platform to a Network Operator's mobile network and finally to End-Users telephone devices which text comprises words or numbers or an alphanumeric combination up to one hundred and sixty (160) characters;

**"Network Operator"** means any company operating a GSM-based mobile telephony network, offering mobile telephony services to its subscriber base;

**"Network Operator Change"** means any change in the services, prices, conditions or terms for services provided to IWAVE or the CLIENT by a Network Operator;

**"Operator Network"** means the infrastructure, software and hardware enabling a Network Operator to support wireless communications between and among its subscribers and third parties;

**"Platform"** means the mobile application services platform and any associated systems, network connections and interfacing capabilities, owned and operated by IWAVE or by suppliers or partners of IWAVE which is used to provide IWave Services;

**"Prepaid Charge"** if applicable, means an amount payable by CLIENT to IWAVE in advance of IWAVE performing IWAVE Services for which IWAVE Charges are applicable, as set forth in any Addenda or Schedule hereof;

**"Privacy Laws"** has the meaning as set-out in Clause 6.2 hereof;

**"Proprietary Information"** has the meaning as given in Section 9 hereof;

**"Protocol Specification"** means the protocols to be used by the CLIENT in order to access IWAVE Services, as the CLIENT shall be notified by IWAVE from time to time;

**"Receiving Party"** means as set out in Section 9 hereof;

**"Service Interface"** means the method to be used by the CLIENT to connect to the Platform;

**"Service Level Agreement"** or **"SLA"** means an Addendum attached hereto or mutually executed by the Parties and attached to and made a part of this Agreement, specifying IWAVE Services to be provided to CLIENT;

**"Schedule"** means the schedule(s) attached to this Agreement from time to time by mutual agreement of the Parties that (i) describes the Services; (ii) details fees and charges for the Services and administration costs related thereto, and (iii) any other terms and conditions or Addendum relevant to matters contemplated by this Agreement;

**"Service Specifications"** means IWave documentation detailing the features of IWAVE Services; **"SPAM SMS"** has the meaning as given in Clause 6.3 hereof;

**"SPAM SMS"** has the meaning as given in Clause 6.3 hereof;



**“Successful Submit”** means IWave accepts the SMS sent from the CLIENT and validate the SMS before submitting SMS for onward routing. IWAVE shall return Successful Submit to the CLIENT to register SMS has been successfully submitted for routing SMS which does not pass IWAVE’s validation tests are rejected and error message returned to the CLIENT and SMS not charged;

**“Taxes”** means any federal, state, local or foreign government tax, fee, duty, surcharge, or other tax-like charge that is required or permitted by applicable law to be collected from the CLIENT by IWAVE for the rendered IWave Services;

**“Term”** means the duration of this Agreement, as set forth in Section 3 of this Agreement;

**“Third Party”** means any and all persons or entities not a Party to this Agreement;

**“Third Party Provider”** means any Third Party that has entered into an agreement with CLIENT to provide any or all of the CLIENT Services.

## **2. SCOPE OF AGREEMENT**

- 2.1 At the request of CLIENT, IWave has agreed to provide CLIENT with the IWave Services, subject to and based upon the terms and conditions contained hereunder.
- 2.2 IWave shall notify the CLIENT in writing of Network Operator Change within 48 hours from IWAVE’s notification by the Network Operator of the Network Operator Change.

## **3. TERM AND TERMINATION**

- 3.1 This Agreement shall become effective on Commencement Date and shall, unless sooner terminated as provided below or extended as provided for in Item 3.2, remain in effect for twelve (12) months after the Commencement Date.
- 3.2 This Agreement shall automatically and continuously be renewed for a successive twelve (12) months period, unless either Party provides written notice of termination at least thirty (30) days prior to the expiration of the term mentioned above in Clause 3.1 or any of the successive periods following thereon.
- 3.3 Either Party may terminate this Agreement upon written notice to the other Party:
  - 3.3.1 Immediately, in the event the other Party becomes insolvent, files a petition for bankruptcy or makes an assignment for the benefit of its creditors;
  - 3.3.2 Immediately, if either Party materially breaches its obligations under this Agreement and if curable, fails to cure the breach within three (3) days after receiving written notice.
- 3.4 CLIENT shall be entitled to terminate in writing this Agreement
  - 3.4.1 If IWAVE purports to amend this Agreement unilaterally, provided that such notice of termination is provided to IWave no later than fourteen (14) days from the date on which CLIENT is notified of the projected amendment.
- 3.5 IWAVE shall have the right- at its sole discretion- to terminate this Agreement immediately by providing the CLIENT with as much prior notice as reasonably practicable in the event that:
  - 3.5.1 One or more of the Network Operators upon which the provision of IWave Services hereunder is dependent terminates its provision of services to IWave and no other network operator is available to provide the IWave Services; or



3.5.2 Any modification to IWAVE's existing Network Operator contracts, to the Mobile Marketing Association Code of Conduct, or any change in all applicable foreign, federal, state, and local laws, rules and regulations as they may be amended from time to time, which makes the rendering of IWAVE Services illegal or contrary to a law, regulation, or the Mobile Marketing Association Code of Conduct

#### 4. PRICE, PAYMENT AND SERVICES

4.1 All payments by CLIENT to IWAVE in respect of the IWAVE Services shall be made in accordance with terms set out in this Section 4 and Schedule 1 hereof.

4.2 Payments shall be made based on the monthly statement of the logs generated from IWAVE's data which indicate the volume of CLIENT Content successfully submitted to IWAVE Platform for the delivery to the End-Users.

4.3 The invoice and/or statement set forth in Schedule 1 which will be paid by the CLIENT shall include the following amounts:

4.3.1 All charges and fees relating to such payments (including, without limitation, those levied by the paying and payee bank or other financial institutions); and

4.3.2 Any applicable Taxes, which shall be paid in addition at the rate and in the manner required by law.

Upon payment of relevant taxes proof thereof shall be furnished the CLIENT within 5 days from payment thereof without need of demand.

4.4 Suspension for non-payment. In the event that Due Charges have not been paid by the CLIENT, then IWAVE shall after written notice to the CLIENT be titled to suspend (i.e. stop) the rendering of IWAVE Services until full due payment has been made by the CLIENT. There shall be no suspension of services in case there is a dispute involving Section 4.3 and the same has not been resolved as provided for in Section 4.6.

4.5 Late Payment Charge. In the event that any undisputed amount due under this Agreement is not paid on the due date for payment and no notice of dispute is sent by CLIENT, IWAVE will notify the CLIENT of such delay in payment and shall be entitled to charge a late payment charge of one per cent (1%) monthly or twelve per cent (12%) annually from the date due or from any extended grace period given until such amount is paid.

4.6 Dispute Notification and Resolution. The Parties agree to the dispute resolution procedures as follows:

In the event the CLIENT disputes in good faith any "portion of IWAVE's invoice, the CLIENT may withhold payment for such amounts until the dispute is resolved as stipulated herein., However it must pay all undisputed amounts on the due date or within the grace period given by IWAVE if any. CLIENT shall inform IWAVE of the dispute within seven (7) days from the date of receipt of the invoice ("Dispute Notification").

The Parties will exercise reasonable efforts to resolve the dispute within thirty (30) days from the date of the Dispute Notification. In the event that the Parties are not successful in resolving the dispute pursuant to this provision, the parties are entitled to refer such dispute to a court of competent jurisdiction under Section 13 hereof.

#### 5. OBLIGATIONS OF THE CLIENT

5.1 CLIENT represents and warrants to IWAVE that:





- 5.1.1 It has the power and authority to enter into this Agreement and to perform its obligations hereunder, including providing the CLIENT Content in the manner described in this Agreement;
- 5.1.2 It is under no contractual or other legal obligation, which shall in any way interfere with its full, prompt and complete performance of its obligations hereunder;
- 5.1.3 None of the CLIENT Content, the Client Services or the provision of the IWAVE Services contravene any applicable law, regulation or code;
- 5.1.4 It will assist in the compliance by any of its agents, subcontractors, Third Party Providers or Affiliates (and their employees, agents or representatives), with all applicable laws, regulations and codes relevant to the CLIENT Content, CLIENT Services and IWAVE Services; and
- 5.1.5 It will not use IWAVE Services in a way which is fraudulent, unlawful or unauthorized.
- 5.2 CLIENT shall conform to the Protocol Specification for the relevant Service Interface as provided to CLIENT by IWAVE.
- 5.3 CLIENT shall connect only to the Service Interface specified for CLIENT by IWAVE using only the names and passwords provided to CLIENT by IWAVE.
- 5.4 CLIENT shall designate in Schedule 2 CLIENT employees who will act as technical, financial and commercial coordinators and IWAVE's contact points in order to coordinate the delivery of the IWAVE Services, and inform IWAVE in writing of any future changes to such coordinators.
- 5.5 CLIENT shall ensure that the coordinators specified in Schedule 2 and each member of the CLIENT personnel (including employees and contractors) follow the service administration and fault reporting procedures provided to CLIENT by IWAVE.
- 5.6 CLIENT shall supply complete and accurate instructions and information to IWAVE, sufficient for the performance of the IWAVE Services, in accordance with such timescales as IWAVE may reasonably require.
- 5.7 CLIENT shall provide all reasonable assistance to IWAVE, including providing copies of relevant documentation, books and records, in connection with CLIENT or IWAVE's compliance with any requirements or conditions which are at any time imposed by any law and/or governmental or other relevant state authority and which are applicable to or affect the CLIENT Services, CLIENT Content and/or IWAVE Services.
- 5.8 CLIENT shall provide any governmental or other relevant state authority or IWAVE (free of any charge) with such information or material relating to the CLIENT Services or a future CLIENT Service as any Governmental Body may reasonably request in order to carry out any investigation in connection with (i) the CLIENT Services or (ii) CLIENT's relationship with IWAVE or with a Third Party Provider.
- 5.9 CLIENT shall be solely responsible for its Third Party Providers and subcontractors and their compliance with the terms of this Agreement. CLIENT agrees that IWAVE shall not be responsible for making any payments to any Third Party Provider or CLIENT subcontractor.

## **6. MESSAGE CONTENTS AND ANTI SPAMMING POLICY**

- 6.1 CLIENT will be solely responsible for any legal liability arising out of or relating to the CLIENT Content and CLIENT Services (whether transmitted on its own or on any Third Party's behalf). If



IWAVE is notified or otherwise becomes aware of CLIENT Content which violates the requirements of this Agreement, IWAVE may (but shall not be required to) investigate the allegation and determine, in its sole discretion, whether to remove or to request removal of such CLIENT Content from the CLIENT Services. If CLIENT refuses such request, IWAVE may (but shall not be required to), in its sole discretion immediately block CLIENT Content, suspend CLIENT Services, or terminate this Agreement. IWAVE shall not be liable for any damages (including any consequential loss) incurred by CLIENT because of any action taken in accordance with this Section 6, unless there is fault or negligence on the part of IWAVE, its employees, agents or authorized representative.

- 6.2 CLIENT shall ensure that its collection, access, use and disclosure of End-User information comply with all applicable foreign, federal, state, and local laws, rules and regulations as they may be amended from time to time, laws governing marketing by telephone, direct mail, email, wireless text messaging, fax, and any other mode of communication (collectively, "Privacy Laws"). CLIENT shall at all times perform its obligations hereunder and make the CLIENT Services and CLIENT Content available in compliance with and in such a manner as not to cause IWAVE to be in material violation of any applicable laws or regulations, including any Privacy Laws.
- 6.3 CLIENT agrees that CLIENT and its Third Party Providers will not offer or provide CLIENT Services, or use IWAVE Services in a way, that (collectively "SPAM SMS"):
- 6.3.1 Transmit or allow to be transmitted any CLIENT Content that violates the requirements of any Network Operator through which CLIENT Content is transmitted;
  - 6.3.2 Transmit or allow to be transmitted any CLIENT Content that is false, inaccurate, misleading, unlawful, harmful, threatening, abusive, harassing, tortuous, defamatory, vulgar, obscene, invasive of another's privacy, hateful, or racially, ethnically, or otherwise objectionable;
  - 6.3.3 Transmit or allow to be transmitted any CLIENT Content that harms minors in any way;
  - 6.3.4 Transmit or allow to be transmitted any CLIENT Content that it does not have a right to make available under any law or under contractual or fiduciary relationships;
  - 6.3.5 Transmit or allow to be transmitted any CLIENT Content that infringes any patent, trademark, trade secret, copyright, or other proprietary rights or rights of publicity or privacy of any party;
  - 6.3.6 Utilize any unsolicited or unauthorized advertising, promotional materials, "junk mail", "spam", or any other forms of solicitation;
  - 6.3.7 Violate any codes or standards of practice published or endorsed by the GSMA Association or the Mobile Marketing Association;
  - 6.3.8 Interfere with or disrupt IWAVE Services or servers or Network Operator networks connected to the IWAVE Services, or disobey any requirements, procedures, policies, or regulations of networks connected to IWAVE Services;
  - 6.3.9 Transmit or utilize any (a) viruses, worms, Trojan horses, or other code that might disrupt, disable, harm, erase memory, or otherwise impede the operation, features, or functionality of any software, firmware, hardware, wireless device, computer system or network, (b) traps, time bombs, or other code that would disable any software based on the elapsing of a period of time, advancement to a particular date or other numeral, (c) code that would permit any third party to interfere with or surreptitiously access any End-



User personal information, or (d) content that causes disablement or impairment of IWAVE or Network Operator services or equipment.

- 6.3.10 Intentionally or unintentionally violate any applicable local, state, national or international law. or any regulations having the force of law;
- 6.3.11 Collect or store personal data about End-Users in connection with the prohibited conduct and activities set forth hereinabove.
- 6.4 Upon written request from IWAVE, CLIENT shall as soon as practicable, with reasonable detail provide:
  - 6.4.1 Certification of compliance with this Section 6 by the CLIENT, and
  - 6.4.2 Volume forecasts for use of IWAVE Services, anticipated CLIENT support information and such other relevant information that IWAVE may reasonably request concerning future CLIENT Services (provided that any forecasts given will not be contractually binding and/or oblige the CLIENT to purchase and/or order IWave Services).
- 6.5 The Parties agree to work together in good faith to establish CLIENT Services and IWave Services.

## **7. SUSPENSION OF SERVICES**

- 7.1 IWAVE may- in its sole discretion but for justifiable grounds- suspend the rendering of any or all of the IWave Services at any time in the event that:
  - 7.1.1 It is required to do so by law;
  - 7.1.2 IWAVE is entitled to terminate this Agreement as provided under Section 3 hereto;
  - 7.1.3 IWAVE is obliged or advised to comply with an order, instruction, directive or request of a governmental or other relevant state authority or Network Operator which necessitates that it does so, in the judgment of IWAVE. IWAVE shall notify the CLIENT of the reasons for such suspension within 24 hours from the receipt of such order, instruction, directive or request.
  - 7.1.4 IWAVE has reason to believe that the CLIENT is in breach of any of its obligations under this Agreement;
  - 7.1.5 One or more of the Network Operators upon which the provision of IWAVE Services hereunder is dependent suspends its provision of those services to IWAVE; or
  - 7.1.6 Subject to Section 4 hereto any payment due to IWave hereunder is not paid after the due date for payment.
- 7.2 IWAVE has no obligation to review or filter CLIENT Content, however, the CLIENT agrees that IWAVE and Network Operators shall have the right to access and review CLIENT Content transmitted through the IWAVE Services as necessary to identify a potential breach of the terms of this Agreement, including Section 6 hereto. To the extent that IWAVE discovers an actual or potential breach. IWAVE may suspend its Services to CLIENT for as long as it deems necessary, in its sole discretion, to ensure compliance with this Agreement by CLIENT. Any CLIENT Content viewed by IWave in accordance with this Section 7 will be kept confidential.



7.3 Where IWAVE determines in its discretion it is practicable to do so, then IWAVE shall put into effect any such suspension only in respect of those CLIENT Services which are affected by the matters referred to in this Section 7. IWAVE shall notify CLIENT within 12 hours from the occurrence of any of the events stated under Section 7 of any impending suspension of the CLIENT Services affected under this Agreement.

7.4 Should CLIENT's account utilized in the provision of IWAVE Service be inactive through a period of 6 (six) months it remains in IWAVE's discretion to suspend IWAVE Services to the CLIENT. Absence of any Chargeable Events through the period of 6 (six) months shall be considered as inactivity subject to suspension.

CLIENT can reactivate its account with a request to IWAVE sent 3 (three) working days prior to required reactivation.

## **8. IWAVE SUPPORT, SYSTEM, MAINTENANCE**

8.1 IWave shall provide the username and the password required to use IWAVE Services to the CLIENT.

8.2 IWave shall use commercially reasonable efforts to make its appropriate technical personnel available to the CLIENT in order to assist the latter as needed to resolve any network problem within the targeted resolution period.

8.3 All problems reported shall be in English unless otherwise agreed to in writing by the Parties.

8.4 IWAVE shall notify CLIENT of scheduled maintenance of the IWAVE Messaging Platforms or Network. IWave will use commercially reasonable efforts to notify CLIENT of schedule downtime outside its maintenance windows.

## **9. CONFIDENTIALITY**

9.1 Each Party may make available or otherwise disclose to the other Party during the negotiation or performance of this Agreement certain business information, including information that is proprietary to a Third Party. Except as otherwise stated herein, all such information shall be considered the confidential and proprietary information of the Party disclosing such information ("Disclosing Party") if when disclosed in writing or orally, it is clearly identified as confidential or proprietary ("Proprietary Information"). For the purposes of this Agreement, Receiving Party shall mean the Party and its employees, advisors and Affiliates to whom Proprietary Information is disclosed ("Receiving Party").

9.2 Proprietary Information shall not include:

9.2.1 Information that was independently developed by the Receiving Party without reference to or knowledge of the Disclosing Party's Proprietary Information;

9.2.2 Information that was known to the Receiving Party prior to disclosure by the Disclosing Party and that is free from any obligation to keep it confidential;

9.2.3 Information that is within the public domain through no action on the part of the Receiving Party;

9.2.4 Information that was received from a Third Party who was under no obligation to keep such information confidential.

9.3 Neither Party shall disclose the Proprietary Information of the other Party, except to its directors, officers, employees, consultants and attorneys, or Affiliates who have a legitimate need to know



such Proprietary Information for negotiation or performance of this Agreement and who have agreed to maintain the confidentiality of such Proprietary Information as provided herein.

- 9.4 If a demand under legal or regulatory authority of competent jurisdiction or a requirement of law for the discovery or disclosure of Proprietary Information is made known to the Receiving Party, the Receiving Party shall give the Disclosing Party notice of the demand or requirement prior to disclosing the Proprietary Information and shall, upon the request and at the expense of the Disclosing Party, obtain or cooperate in any efforts by the Disclosing Party to seek reasonable arrangements to protect the confidential and proprietary nature of such Proprietary Information.
- 9.5 The obligations described in this Section 9 shall survive the termination of this Agreement for a period of 5 (five) years.
- 9.6 Both Parties agree that a breach of any of the obligations set forth in this Section 9 would irreparably damage and create undue hardships for the other Party. Therefore, the non-breaching Party shall be entitled to immediate court ordered injunctive relief to stop any apparent breach of this Section 9, such remedy being in addition to any other remedies available to such non-breaching Party, including, but not limited to, damages

## **10. INTELLECTUAL PROPERTY RIGHTS**

- 10.1 Ownership of all IWAVE Rights shall vest in and remain with IWAVE. Subject to Clause 10.2 hereof, IWAVE does not by this Agreement grant CLIENT any right, title, license or interest in or to any iWave Rights, including any software or documentation, or in any related patents, copyrights, trade secrets or other proprietary intellectual property. CLIENT shall acquire no rights of any kind in or to any IWAVE trademark, service mark, trade name, logo or product or service designation under which IWAVE products or services were or are marketed (whether or not registered) and shall not use the same for any reason except as expressly authorized in writing by IWAVE prior to such use, but in no event for a period longer than the Term.
- 10.2 Notwithstanding the foregoing, IWAVE shall give license to the CLIENT for the duration of the Term to use of IWAVE Rights as is directly and unavoidably required by the CLIENT in order to be able to use the iWave Services (including any documentation or software which IWAVE makes available to the CLIENT for use pursuant to this Agreement) during the Term.
- 10.3 Any license granted under this Section 10 shall be non-transferable, non-sub licensable, nonexclusive and royalty free and shall be limited to the Term in respect of the IWAVE Services or CLIENT Services to which the license relates and shall be granted only for the purpose of fulfilling the respective Party's rights and obligations under this Agreement.
- 10.4 Neither Party shall reverse engineer, decompile or disassemble any software comprised in the other Party's Intellectual Property Rights.
- 10.5 CLIENT represents and warrants to IWAVE that no Third Party Intellectual Property Rights will be infringed during the provision of CLIENT Services and that the CLIENT Content does not infringe any Third Party Intellectual Property Rights. In the event that the CLIENT becomes aware that the CLIENT Services or any CLIENT Content is, or it likely to become the subject of an infringement claim, CLIENT must immediately notify IWAVE of this in writing and IWAVE may, in its sole discretion, cease providing IWAVE Services in relation to such CLIENT Content.

Likewise, IWAVE represents and warrants to CLIENT that no Third Party Intellectual Property Rights will be infringed during the provision of CLIENT Services. In the event that the IWAVE becomes aware that the CLIENT Services is, or it likely to become the subject of an infringement claim, IWAVE must immediately notify CLIENT of this in writing and CLIENT may, in its sole discretion, terminate this Agreement without any cost to it.



## **11. NOTICES**

Any notice or other communication required or permitted to be given under this Agreement shall be given in writing and delivered in person, sent via registered mail, sent via facsimile or electronic mail with machine generated confirmation of transmission or delivered by recognized courier service, without charge to the receiving Party at its address specified in Schedule 2 below, and shall be deemed effective upon receipt of such notice.

## **12. MUTUAL COOPERATION**

By signing this Agreement, the Parties acknowledge that problems and difficulties may arise from time to time. This being the case, the Parties agree to work together in a spirit of mutual co-operation to resolve and to use all reasonable endeavours to achieve a fair and equitable solution to any such problems and difficulties as may arise.

## **13. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with laws of Philippines and the parties hereto submit to the non-exclusive jurisdiction of the courts of Makati City for the purpose of enforcing any claim arising hereunder.

## **14. INCORPORATION OF APPENDICES AND SCHEDULES**

All appendices, addendums and schedules attached to this Agreement are integral parts of this Agreement and are incorporated into this Agreement by this reference.

## **15. WARRANTIES / DISCLAIMERS**

15.1 Each Party represents and warrants to the other Party that:

15.1.1 It has the full corporate right, power, and authority to enter into this Agreement and to perform its obligations hereunder;

15.1.2 Its execution of this Agreement and performance hereunder do not and will not violate any agreement to which it is a party or by which it is bound; and

15.1.3 When executed and delivered, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms.

15.2 CLIENT represents and covenants that neither CLIENT nor any Third Party Provider will access or use the iWave Services except in accordance with this Agreement, and that the CLIENT Services and CLIENT Content will comply with the requirements of this Agreement.

15.3 Notwithstanding anything herein to the contrary, iWave expressly disclaims, and CLIENT acknowledges and agrees, that IWAVE shall have no responsibility or any liability of any kind for:

15.3.1 Transmission errors in, corruption of or the security of CLIENT's Content carried over wire line or wireless telecommunication providers' facilities and networks including the Network Operators.

15.3.2 The acts or omissions of any Network Operator in connection with the iWave Services, CLIENT Content or CLIENT Services.

15.4 iWave covenants that the iWave Services shall be performed in conformity with the service objectives in this Agreement.





- 15.5 Notwithstanding anything else in this Agreement to the contrary, IWAVE's entire liability and CLIENT's sole and exclusive remedy for non-performance of the iWave Services shall be a refund or credit of any Monthly Service Fees (as set forth in an Addendum) for the period affected by such non-performance, and the termination of this Agreement as set forth in Section 3 of this Agreement.
- 15.6 Except for the express warranties set out in this Section 15, iWave disclaims any and all warranties concerning IWAVE Services, iWave technology, and/or platform, whether express or implied or statutory, including, without limitation, any implied warranty of merchantability, fitness for a particular purpose, title, non-infringement, quiet enjoyment, satisfactory quality, or accuracy. Without limiting the foregoing, IWAVE does not warrant that the iWave Services will be uninterrupted or error free, and IWAVE expressly disclaims:
- 15.6.1 Any liability for any special, incidental, indirect, punitive or consequential damages whatsoever, including, but not limited to, damages for: loss of profits or revenues, loss of confidential or other information, business interruption, personal injury, loss of privacy, corruption or loss of data, failures to transmit or receive data or any other pecuniary loss whatsoever arising out of or in any way related to the use of or inability to use the IWAVE Services or otherwise in connection with any provision of this Agreement;
- 15.6.2 Any liability resulting from any End-User or other mobile operator subscriber sending messages to an allocated number instead of another number or code, or vice versa; and
- 15.6.3 Any liability in respect of any CLIENT Content, or instructions supplied by CLIENT that are incorrect, inaccurate, illegible, out of sequence, or in the wrong form, or arising from their late arrival or non-arrival, or any other act or omission of CLIENT or any of its End-Users.

## **16. INDEMNITY**

- 16.1 Provided that iWave is not guilty of contributory negligence or fault, CLIENT, at its own expense, shall indemnify, defend, and hold harmless iWave, its Affiliates, and their respective employees, officers, directors, representatives and agents, from and against all losses, damages, liabilities, settlements, costs and expenses (including attorneys' and professionals' fees and other legal expenses) arising out of or related to any claim, demand, suit, action, or proceeding initiated by a Third Party arising out of or relating to:
- 16.1.1 Any breach by CLIENT of this Agreement;
- 16.1.2 A breach of any Third Party Intellectual Property Rights;
- 16.1.3 Any CLIENT Service, CLIENT Content or other materials or services provided by CLIENT or its Third Party Providers under this Agreement, or
- 16.1.4 An allegation that the IWAVE Services and/or CLIENT Content violates any law, regulation or code (collectively a "CLIENT Covered Claim").
- 16.2 IWAVE shall provide CLIENT with written notice of the CLIENT Covered Claim if IWAVE is made aware of any such claim, and IWAVE may, in its sole discretion, permit CLIENT to control the defence, settlement, adjustment or compromise of the CLIENT Covered Claim provided that CLIENT does not enter into any compromise or settlement negotiations on its own behalf or on behalf of IWAVE without IWAVE's prior written consent.
- 16.3 Notwithstanding the foregoing, IWAVE may, in its sole discretion employ separate legal counsel and participate in the defence of any CLIENT Covered Claim, and the CLIENT shall indemnify all



reasonable costs incurred to IWAVE in such defence (such as reasonable attorney and third party fees and, to the extent permitted by law, fines and penalties etc.). CLIENT agrees to fully cooperate with IWAVE where required for the defence of any Client Covered Claim.

## **17. FORCE MAJEURE**

17.1 Either Party's performance of any part of this Agreement, other than payment obligations, shall be excused to the extent that it is hindered, delayed or otherwise made impractical by the acts or omissions of the other Party or any Network Operator, flood, fire, earthquake, strike, stoppage of work, or riot, failure or diminishment of power or of telecommunications or data networks or services not under the control of a Party, governmental or military acts or orders or restrictions, terrorist attack; or any other cause (whether similar or dissimilar to those listed) beyond the reasonable control of that Party and not caused by the negligence of the nonperforming Party (collectively referred to as "Force Majeure" below).

17.2 If any Force Majeure condition(s) occur(s), the nonperforming Party shall make reasonable efforts to notify the other Party of the nature of any such condition and the extent of the delay, and shall make reasonable, good faith efforts to resume performance as soon as possible.

## **18. ASSIGNMENT**

This Agreement is personal to the Parties hereto and shall not be assigned or transferred by either Party without the prior written consent of the other Party. However, either Party may assign this Agreement without consent to any affiliated entity or successor whether by merger, reorganization, or transfer of all or substantially all of its assets or otherwise; provided that the assigning party notifies the other Party of such assignment in writing and that the affiliated entity or successor affectively agrees to be bound by or assume the obligations imposed on the other Party under this Agreement.

## **19. ENTIRE AGREEMENT**

This Agreement constitutes the entire understanding and agreement of the Parties hereto with respect to the subject matter hereof. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings between the Parties regarding the subject matter hereof.

## **20. WAIVERS**

No waiver of any provision of this Agreement by either Party shall be effective unless made in writing and signed by both parties. The waiver of either Party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.

## **21. INVALIDITY**

In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force. Further, if any provision of this Agreement, for any reason, is determined by a court of competent jurisdiction to be excessively broad or unreasonable as to scope or subject, such provision shall be enforced to the extent necessary to be reasonable under the circumstances and consistent with applicable law while reflecting as closely as possible the intent of the Parties as expressed in this Agreement.

## **22. RELATIONSHIP OF THE PARTIES**

The relationship of the Parties established by this Agreement is that of independent contractors, and this Agreement does not create an agency, employment, partnership or joint venture relationship between the Parties. Each Party acknowledges and agrees that the business relationship and activities contemplated





by this Agreement are nonexclusive and that nothing in this Agreement prohibits either Party from participating with Third Parties in similar business arrangements as those described herein.

**23. OTHER**

23.1 This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The Parties to this Agreement do not intend that any terms of this Agreement should be enforceable by any person or entity who or which is not a party to this Agreement.

23.2 For purposes of its obligations under this Agreement the acts or omissions of CLIENT's employees, agents, representatives, contractors, subcontractors, Third Party Providers, or Affiliates (and their employees, agents, representatives, contractors. or subcontractors) shall also be deemed to be the acts or omissions of CLIENT

**24. SCHEDULES AND ADDENDA**

The following schedules and addenda are attached hereto and made part of this Agreement:

**Schedule 1 – Fees**

**Schedule 2 – Contacts**

**Schedule 3 – SMS Service Description**

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**WITNESS WHEREAS**

**the Parties have their duly authorised representatives signed this Agreement on the day and year set below:**

Commencement Date: **1<sup>st</sup> of August 2013.**

For and on behalf of:

**iWave**

*/s/ Cezar P. Gaon*

\_\_\_\_\_  
Signature

Cezar P. Gaon

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

For and on behalf of:

**TelUPay (Philippines), Inc.**

*/s/ Rosarito D. Carrillo*

\_\_\_\_\_  
Signature

Rosarito D. Carrillo

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title



**SCHEDULE 1**

**Fees**

**PRICING AND TERMS**

The currency used for any operations governed by this Agreement is PHP.

Agreed pricing is displayed below:

The PARTIES agree to have the price fixed per destination for initial 12 months from the date of the agreement to:

| Country     | PRICE    |
|-------------|----------|
| Philippines | PHP 0.53 |
| Malaysia    | PHP 1.23 |
| Indonesia   | PHP 0.83 |

In accordance with Section 4 of this Agreement, the price per each Chargeable Event other than stated above will be communicated to the CLIENT via e- mail in a coverage list Unless a fixed price has been expressly agreed, IWAVE is entitled to change agreed rates by email to the Client Changes shall apply immediately unless it is specified different on the rate list

The payment model is post-paid. IWAVE shall issue an invoice based on traffic details from transaction logs to CLIENT on a monthly basis. Invoices shall be issued on the first day of every month for the previous month.

Payment must be made within thirty (30) working days from the date the invoice was issued.

IWAVE is in every instance entitled to pass on price increases arising from an obligation pursuant to legislation and regulations, from an increase in the purchase price of messages or from rates changes effected by Network Operators. IWAVE shall make reasonable efforts to notify the CLIENT in advance of such price change. In the event that the CLIENT does not agree with the proposed changes, this Agreement can be terminated in accordance with Section 3 of the Agreement Notwithstanding the foregoing, the CLIENT has to pay all due charges to IWAVE including the late payment charge (if applicable) as provided in Clause 4.5 of this Agreement

**WITNESS WHEREAS**

**the Parties have their duly authorised representatives signed this Agreement on the day and year set below:**

Commencement Date: **1<sup>st</sup> of August 2013.**

For and on behalf of:

**IWave**

*/s/ Cezar P. Gaon*

\_\_\_\_\_  
Signature

Cezar P. Gaon

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

For and on behalf of:

**TelUPay (Philippines), Inc.**

*/s/ Rosarito D. Carrillo*

\_\_\_\_\_  
Signature

Rosarito D. Carrillo

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title



**SCHEDULE 2**

**Contacts**

| -                            | CLIENT   | IWave   |
|------------------------------|--|---|
| <i>Authorized Person:</i>    | Mr. Marlon Portugal  | Mr. Cezar P. Gaon / Mr. Miro Blazevic   |
| <i>Position:</i>             | Business Development Group   | President & COO / VP Enterprise   |
| <i>Company Name:</i>         | TelUPay (Philippines) Inc.   | IWave Inc. / Infobip Asia Pacific Sdn. Bhd.   |
| <i>Company Address:</i>      | 6 <sup>th</sup> Floor King's Court 2 Bldg., 2129 Chino Roces Ave. Makati City, Philippines, 1230   | Philippine AXA Life Centre, 1286 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines  |
| <i>Email administration:</i> | <a href="mailto:marlon.portugal@telupay.com">marlon.portugal@telupay.com</a> ,<br><a href="mailto:info@telupay.com">info@telupay.com</a> | <a href="mailto:sonny.geon@iwave.com.ph">sonny.geon@iwave.com.ph</a> / <a href="mailto:miro.blazevic@.com">miro.blazevic@.com</a> |
| <i>Phone administration:</i> | +63 2 659 7595 / +63 917 853 5416  | +63 917 817 6969 / +60 19 332 7314  |
| <i>Email tech support:</i>   | <a href="mailto:glenn.losentes@telupay.com">glenn.losentes@telupay.com</a>   | <a href="mailto:support@infobip.com">support@infobip.com</a>  |
| <i>Phone tech support:</i>   | +63 917 717 0708   | +44 (20) 3286 4235  |

**WITNESS WHEREAS**

**the Parties have their duly authorised representatives signed this Agreement on the day and year set below:**

Commencement Date: **1<sup>st</sup> of August 2013.**

For and on behalf of:

**IWave**

*/s/ Cezar P. Gaon*

\_\_\_\_\_  
Signature

Cezar P. Gaon

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

For and on behalf of:

**TelUPay (Philippines), Inc.**

*/s/ Rosarito D. Carrillo*

\_\_\_\_\_  
Signature

Rosarito D. Carrillo

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title



### SCHEDULE 3

## SMS Service Description

1. IWAVE Services (as defined in the Agreement) features a solution that will enable CLIENT to deliver mobile terminated SMS to multiple mobile networks worldwide through the Platform.
2. IWAVE Services include:
  - a) Connectivity between CLIENT's information system and the Platform;
  - b) Configuration of the Platform to receive SMS traffic generated by CLIENT and the handling and routing of such SMS traffic to available Network Operators;
  - c) Billing of such SMS traffic processed by IWAVE; and
  - d) Technical support.
3. In the provision of the IWAVE Services, and in addition to the provisions set forth under the Agreement, IWAVE shall:
  - a) Ensure that connectivity between CLIENT's information system and the Platform is tested and operational;
  - b) Route SMS traffic generated by CLIENT to available Network Operators;
  - c) Invoice CLIENT for all IWAVE Charges (as defined in the Agreement ) relative to the provision of the IWAVE;
  - d) Manage all contractual relationships with Network Operators to ensure the operability of the IWAVE Services; and
  - e) Provide technical support 24 hours x 7 days x 365 days per year.
4. Without prejudice to the obligations of the CLIENT (Section 5 of the Agreement), CLIENT further undertakes to:
  - a) Provide all the configuration information through the proper completion of all technical forms provided by IWAVE;
  - b) Ensure that its own information systems are properly configured to route SMS traffic to the Platform;
  - c) Create and maintain at its own expense a database of End-Users receiving each SMS message processed by IWAVE;
  - d) Ensure under no circumstances to send Unsolicited SMS (SPAM) as defined in the Agreement to the messaging Platform;
  - e) Announce a larger volume of traffic a few days in advance; and
  - f) Fulfil all its payment obligations as set out in the Agreement.



**WITNESS WHEREAS**

**the Parties have their duly authorised representatives signed this Agreement on the day and year set below:**

Commencement Date: **1<sup>st</sup> of August 2013.**

For and on behalf of:

**IWave**

*/s/ Cezar P. Gaon*

\_\_\_\_\_  
Signature

Cezar P. Gaon

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

For and on behalf of:

**TelUPay (Philippines), Inc.**

*/s/ Rosarito D. Carrillo*

\_\_\_\_\_  
Signature

Rosarito D. Carrillo

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

*SUBSCRIBED AND SWORN TO BEFORE ME THIS DAY OF SEP 12, 2013 IN THE CITY OF MAKATI, PHILIPPINES. AFFIANT EXHIBITED TO ME HIS/HER VALID I.D. WITH NUMBER \_\_\_\_\_, ISSUED ON \_\_\_\_\_, ISSUED AT \_\_\_\_\_.*

Doc. No. 307  
Page No. 43  
Book No. 24  
Series of 2013

*ATTY. VIRGILIO R. BATALLA  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M-35  
UNTIL DECEMBER 31, 2014  
ROLL OF ATTORNEY 48340  
MOLE COMPLIANCE NO. III-21854  
NO. 706762 LIFETIME MEMBER  
PTR NO. 366-4329 JAN 2, 2013  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR JUPITER ST*

**Konek2CARD OUTSOURCING PILOT AGREEMENT  
(Formerly Mobile Financial Services)**

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and entered into by and among:

**CARD BANK, INC.** (A Microfinance-Oriented Rural Bank), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal place of business at 20 M. L. Quezon St., City Subdivision, San Pablo City, Laguna, the duly registered owner of the business name, herein represented by its President and CEO, **DOLORES M. TORRES**, duly authorized for the purpose, and hereinafter referred to as “**CARD Bank**”;

- and -

**CARD MRI INFORMATION TECHNOLOGY, INC.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with address at 20 M. L. Quezon St., City Subdivision, San Pablo City, Laguna, represented in this act by its President, **EDGAR V. CAUYAN**, duly authorized for the purpose, and hereinafter referred to as “**CMIT**”;

- and -

**TELUPAY (PHILIPPINES) INC.**, a corporation duly organized and existing under Philippine laws, with principal office located at 6th Floor Kings Court, Building 2, 2129 Don Chino Roces Avenue corner Dela Rosa Street, Makati City 1230, Philippines, herein represented by its President and CEO, Rosarito D. Carrillo, hereinafter referred to as “**TELUPAY**”;

(CARD BANK, CMIT and TELUPAY may hereinafter be referred to collectively as “Parties”)

**WITNESSETH:**

**WHEREAS, CARD Bank** is a banking corporation primarily engaged in the business of providing microfinance loans and deposit services to its customers through its branches, Micro-Banking Offices (MBOs) in various locations nationwide;

**WHEREAS, CMIT** is an information technology corporation that provides project management, technical consultancy, solutions development and implementation services to microfinance, micro-insurance, and other related service organizations;

**WHEREAS, TELUPAY** is a Service Provider engaged in the business of developing mobile application platforms and/or software for the provision of mobile phone banking services and has offered the use of its existing mobile application platform and/or software for mobile banking service requirements (the “**TelUPay Services**”);

**WHEREAS, CARD Bank** is engaging into a project to utilize mobile application to enable mobile financial transactions and is requiring technology solutions that can integrate with its existing banking systems;

**WHEREAS, CMIT** has represented that it has the capability to provide such integrated solutions by engaging its Project Management Office to handle the technical aspects of the project and to implement technology solutions based on **CARD Bank's** business requirements;

**WHEREAS, CARD Bank** has agreed, in principle, to utilize the **TelUPay Services** for its commercial operations subject, however, to the **CARD Bank** and CMIT assessment of the acceptability of the **TelUPay Services** in terms of capability, reliability, usability, security, viability, scalability, performance, install-ability, compatibility and overall requirements of **CARD Bank** and its; system for a Mobile Financial System (MFS);

**WHEREAS, TELUPAY** has agreed to provide, and **CARD Bank and CMIT** has agreed to avail of the **TelUPay Services**, for a trial period to enable **CARD Bank and CMIT** to assess the acceptability of the **TelUPay Services** subject to and under the terms and conditions set forth herein;

**WHEREAS, the Parties** desire to enter into this Agreement to memorialize their respective responsibilities for implementing, conducting and monitoring the Pilot Program and to establish objective criteria for determining its success;

**NOW, THEREFORE**, in consideration of the premises and the terms and conditions set forth herein, the **Parties** hereto agree as follows:

1. **Objectives of the Pilot Program.** The Pilot Program will establish the Mobile Financial Services link between **CARD Bank CASA** and the Pilot Providers, enabling **CARD BANK** and CMIT to evaluate the viability and compatibility of Ebanker Group of System, MFS Middleware (Socket, Agent, Listener and SMS Central) and TelUPay system.
2. **Scope of Services.**
  - i. **TelUPay**

**TEIUPAY** shall, during the Term of this Agreement, provide **CARD Bank** with the Services to enable **CARD Bank** and CMIT to assess the acceptability of the Services following the satisfactory performance of the System in the conduct of the Pilot implementation and the overall requirements of **CARD Bank** and its system for a MFS (the "**Pilot Program**"). The evaluation of the Pilot Program shall be based on the Key Performance Indicators agreed upon by the Parties as set forth in Clause 16 hereof.

The Services shall refer to the mobile application platform and/or software development services providing mobile phone banking and e-wallet services, including all updates, patches or enhancements thereto, training, maintenance and support services and other deliverables and information supplied by or on behalf

of **TELUPAY**, which will enable specific transactions allowed by **CARD Bank's** system for its customers to conduct mobile transactions such as the following:

1. Balance inquiries
2. Cash-in
3. Cash-out transactions (Request, Completion and Cancellation of Request)
4. Loan payment (Client-Initiated and Agent-Assisted)
5. Revolving Credit Facility Loan (Request for drawdown and Repayment)
6. Fund transfer (Matapat to Pledge and with Other Savings Account)
7. Change MPIN
8. Request for Mini-Statement
9. Agent's Summary of Transactions
10. Bills payment
11. E-load purchases
12. MBO/Tier 2 Agent (Cash-in and Cash-out transactions)

**TelUPay** Services shall also include all transactions necessary or incidental for the foregoing transactions such as:

- Enrollment/ registration/ activation / deactivation of a MFS account
- Security control
- Report generation
- Real-time notification and confirmation of customer transactions
- Back-up and recovery
- Other transactions which may be identified during the Pilot subject to mutual agreement between the Parties.

“TELUPAY System” means the TELUPAY Services and the Services Documentation. “TELUPAY Services Documentation” means the services manuals, user instructions, technical literature and all other related materials in eye readable form supplied to **CARD Bank/CMIT** by **TELUPAY** for aiding the use of the TELUPAY Services

**ii. CMIT**

CMIT shall provide **CARD Bank** with the Services to enable CMIT to assess the acceptability of the Services following the satisfactory performance of the System in the conduct of the Pilot implementation and the overall requirements of **CARD Bank** and its system for an MFS (the “**Pilot Program**”) and shall meet the following:

- a. Establish communication link between **CARD Bank** CASA system and the TelUPay system and successful processing of member transaction through mobile application;
- b. Achieve the level of functionality necessary when properly link with the TelUPay system and translate ISO messages to messaging used by TelUPay and **CARD Bank** CASA, or vice versa;



- c. Develop MFS Listener which communicates with **CARD Bank** MFS Agents to get an update in clients' accounts, generate text file, where SMS Central pulls provided data for outbound messaging. MFS Agent, on the other hand, liable for automated posting of weekly due at scheduled intervals;
  - d. Develop middleware and modify the existing e\*banker, e\*system, cebanker in relation to MFS transaction;
  - e. Implement security according to acceptable industry standards in the following areas: system security, application software security, database security, data transport security, user authentication and authorization, and transaction authentication;
  - f. Acquire and install in **CARD Bank** the required servers, firewalls, communication links, network routers, and other equipment necessary to connect its host system at the CMIT Data Center. Said equipment shall be strictly in accordance with the standards and specifications set by **CARD Bank's** and **CMIT's** information security policies;
  - g. Provide appropriate training to authorized end-users of **CARD Bank** on matters pertaining to the use of the online savings system with emphasis on the technical, operations and security aspects of the project;
  - h. Coordinate with **TELUPAY** to assist **CARD Bank** in making arrangements for installation of the wallet system;
  - i. Readily provide **CARD BANK** with sufficient technical assistance for Pilot Program to utilize services of **TELUPAY**;
  - j. Allocate the necessary manpower and hardware/software resources to address any questions in online savings system raised by the Testers and to ensure the successful implementation of the project;
  - k. Perform a technical analysis of the hardware, software and platforms maintained. The result of the analysis will be used by **CARD Bank** in selecting MFS Platform for Commercial Pilot;
- iii. **Pilot Responsibility of CARD Bank.** During the Pilot Period, **CARD Bank** shall:
- a. Define its business requirements in detail to enable **CMIT** and **TELUPAY** to design and deliver the appropriate solution;
  - b. Establish the controlled group that will be included in the pilot;
  - c. Provide knowledgeable manpower to answer all queries about transaction to be raised and resolved issues in day-to-day operations;

- d. Provide merchandising materials for KabaliCARD Agent as well as the training for all members, Agents and **CARD Bank** Staff include in Pilot Phase;
  - e. Shoulder the registration fee of members' e-wallet payable to third-party provider;
  - f. Communicate all technical problems to **CMIT/TELUPAY** to facilitate resolution in the agreed format. However, **CARD Bank** shall be accountable for determining and managing the impacts of such technical problems to roll-out and implementation schedules, and reputational risks;
  - g. Examine the results of resolutions provided by **CMIT/TELUPAY** to reported problems and make business decisions there from.
3. **Pilot Period.** The Pilot Program shall be conducted for a period of five (5) months and shall commence on the date of this Agreement (the "Commencement Date") and ending on (the "Termination Date") or upon the earlier of (a) the parties' mutual determination that the Pilot Criteria have been satisfied or (b) 180 days after the Commencement Date. The Pilot Period will be subject to extension in accordance with the provisions of Section 4.
4. **Fees for the Pilot Program.** It is understood by the Parties herein that the installation, evaluation and testing of the TelUPay Services under this Agreement shall be at no cost to **CARD Bank**. The use of TelUPay Services by **CARD Bank** and its Members, however, shall be subject to the charges outlined in "**Annex A**" (FEES AND PAYMENT TERMS) hereof.

During each month of the Pilot Period, **CARD Bank** will pay **CMIT** the fees and charges stipulated in the Outsourcing Fees and Payment Terms, attached and made an integral part hereof as "**Annex B**".

In the event that **TELUPAY** fails to satisfy **CARD Bank** in any of its undertakings and the resulting delays impair the ability of **CMIT** to demonstrates its deliverables by the Termination Date, the Parties will entertain other Pilot Provider thus the Pilot Period will be extended for a period the length of those delays ("the Extension Period"). In that event, **CARD Bank** will continue to pay **CMIT** the foregoing monthly fees and charges throughout the Extension Period. However, if **CMIT** fails to timely satisfy any of its responsibility and delays occurs, **CARD Bank** will not be responsible for any monthly fees during the Pilot Extension Period. The Outsourcing Fees and Payment Terms shall be reviewed after the Pilot Period by **CARD Bank** and **CMIT**. If there is no review or agreement, the latest agreed upon fess shall continue to be in force and effect until a new fee structure is agreed upon between them.
5. **Production Programs.** Prior to or at the end of the Pilot Period, if the deliverables are satisfied; **CARD Bank** will provide reasonable assistance to **CMIT** in securing definitive agreements with MFS Plans for the implementation of Production Programs (the "Production Program Agreements").

6. **Segregation of data of the bank from the service provider/s.** CMIT and TELUPAY shall ensure that data of **CARD Bank** is segregated from their other clients' and from their own data, and that access to said data is provided to authorize users of **CARD Bank**;
7. **Access to Financial Information of the service provider/s.** Access of BSP to CMIT and TELUPAY's operations in relation to the outsourced activities/services are open for review by the Bangko Sentral ng Pilipinas (BSP). CMIT and/or TELUPAY shall immediately take the necessary corrective measures to satisfy the findings and recommendations of the BSP examiners and those of the internal and/or external auditors of **CARD Bank**.
8. **Access of the internal and external auditor to information on outsourced activities/services.**

**CARD Bank's** internal and external auditors shall be given access to the information outsourced to the service providers or **CMIT/TELUPAY** in fulfillment of their respective duties.

9. **Disaster Recovery/Business Continuity and Contingency plans and procedures.**

In the event of uncontrollable instances such as natural and man-made calamities, critical recovery period was set to ensure timely resumption of operation after such event base on the time frame set by the **Parties** with details below. This period will start on the identification of the extent of damage until full resumption to the normal operation.

Backup is provided for the continuity, restoration and recovery of critical data and systems. **CARD Bank** shall ensure that critical data is backed up daily and copies are maintained at the **CARD Bank** Data Center and offline backups safeguarded by the Information Security.

This policy is designed to protect the data of the softwares mentioned above in the event of an equipment failure, intentional destruction of data, or disaster.

Fire insurance premium for all hardware/software own by the bank and staff fidelity bond for **CARD Bank** employees shall be borne by **CARD Bank** and shall be regularly evaluated to ensure its adequacy.

10. **Remedies of the bank in the event of change of ownership, assignment, insolvency or receivership of the service provider.**

**CARD Bank** shall be immediately notified in writing by **CMIT/TELUPAY** on any pertinent information that may affect the capability of **CMIT/TELUPAY** to continue its services to **CARD Bank** such as but not limited to: change ownership, assignment, attachment of assets, insolvency or receivership. Notification shall be given by **CMIT/TELUPAY** giving consideration on the sufficient time for **CARD Bank** to identify new service provider. Hence, **CMIT/TELUPAY** shall be responsible in assisting **CARD Bank** until such time that the **CARD Bank** identified other service provider.

11. **Confidentiality Undertaking.** The **Parties** acknowledge that their discussions and implementation of the Pilot program may entail the exchange of confidential information, including technical specifications and information about business methods, operations and prospects, costs, markets, pricing policies, technical processes and applications and confidential client records (“Information”). Each party agrees that for five years after the Commencement Date hereof, it will (a) keep all Information confidential, (b) refrain from disclosing any Information to any person or firm, other their respective employees and agents having a need to know and (c) refrain from using any Information, directly or indirectly, for its own benefit or the benefit of any affiliate. The parties further agree that all Confidential and Proprietary Information shall not be divulged, directly or indirectly, to any other person, firm, corporation, association or entity, for any purpose whatsoever, and shall not make use of such information, without the prior written consent of the other Party.

On termination of this Agreement, each Party agrees to promptly deliver to the other Party all Confidential and Proprietary Information of the other Party then in such Party’s possession. Neither Party shall retain any Confidential and Proprietary Information of the other Party.

“**Confidential and Proprietary Information**” shall mean any and all technical and non-technical information, including but not limited to business plans, business forecasts, research, financial information, procurement requirements, purchasing requirements, manufacturing, customer lists, sales and merchandising efforts, marketing plans, experimental work, development, design details, specifications, engineering, patents, copyrights, trade secrets, proprietary information, methodologies, techniques, sketches, drawings, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, and formulae in any way related to the current, future and proposed business, products and services of either of the parties.

Confidential and Proprietary Information may be information disclosed to the receiving Party either orally, visually, in writing (including graphic material) or by way of consigned items. The receiving Party shall take all reasonable security precautions, including precautions at least as great as it takes to protect its own confidential information, to protect the secrecy of Confidential and Proprietary Information. The receiving Party may disclose Confidential and Proprietary Information only to its employees or consultants on a need-to-know basis. The receiving Party will have executed or shall execute appropriate written agreements with its employees and consultants sufficient to enable it to comply with all the provisions of the Agreement.

Information shall not be deemed Confidential and Proprietary Information if it is: (i) publicly available prior to the Agreement or becomes publicly available without a breach by the receiving Party; (ii) rightfully received by the receiving Party from third parties without accompanying confidentiality obligations; (iii) already in the receiving Party’s possession and was lawfully received from sources other than the disclosing Party; (iv) independently developed by the receiving Party; or (v) approved by the disclosing Party for release;

12. **Technology and Equipment.** Except as otherwise provided in any applicable Work Order, TELUPAY/CMIT shall provide all non-generic software and any and all hardware or software, and any modifications or enhancements thereto, as may be required for the performance of the CMIT and TelUPay Services for CARD Bank.
13. **Intellectual Property.** Except as otherwise provided in this Agreement, nothing herein shall be construed or interpreted to grant any license in favor of CMIT/CARD Bank over the TELUPAY's existing mobile application platforms and/or software used for the provision of the TelUPay Services.
14. **Prohibition on Reverse Engineering, Decompilation, Disassembly, etc.** Except with the prior written consent of TELUPAY, CMIT/CARD Bank shall not reproduce, copy, distribute, market, disclose, reverse engineer, decode, decompile, disassemble, license, assign, transfer, or allow the unauthorized use or disclosure of any part or the whole of the TELUPAY's mobile application platforms and/or software.
15. **Third Party Components.** The Parties shall specify in each Work Order any third party product, software, hardware or other material required for the performance of this Agreement by TELUPAY/CMIT ("**Third Party Material**") to be utilized for, incorporated into, or provided as part of, any services performed or deliverables provided under such Work Order. Unless expressly stated otherwise in the applicable Work Order, TELUPAY/CMIT shall be responsible for obtaining at its own expense all rights, licenses and consents necessary for the Parties to use such Third Party Materials.
16. **Personnel.** TELUPAY/CMIT shall assign Service Provider Personnel who are properly educated, trained and qualified for the services they are to perform. In no case shall the Service Provider Personnel become employees of CARD Bank by virtue of the execution of this Agreement and the performance of the obligations hereunder. TELUPAY/CMIT shall be exclusively responsible for the payment of salaries and benefits of such Service Provider Personnel and undertakes to indemnify the CARD Bank for any claims by such Service Provider Personnel relating to salaries, employment benefits and other reasonable cost arising from such claims.

The Parties hereby acknowledge that none of the them nor any of their respective subsidiaries or affiliates will extend or solicit an offer of employment to any employee of the herein Party. This prohibition shall survive for a period of two (2) years after the termination of this Agreement. Should there be a violation of this undertaking, TELUPAY shall be liable for three (3) times the total invoice paid by CARD Bank under this Agreement or P2,000,000.00, whichever is higher.

17. **Project Manager.**
  - (a) TELUPAY shall designate a Project Manager ("**SP Project Manager**") who will serve as the liaison between the CARD Bank and TELUPAY with respect to the services and deliverables to be provided under such Work Order. The SP Project Manager shall have: (i) day-to-day responsibility for supervising the performance of TELUPAY's obligations under the relevant Work Order; and (ii) responsibility for seeking all

necessary approvals to commit TELUPAY to any course of action, undertaking, obligation or responsibility in connection with the TELUPAY's performance of the relevant Work Order.

(b) CARD bank shall also designate a Project Manager (“**CB Project Manager**”) who will serve as the liaison between CARD Bank and TELUPAY with respect to the Services and Deliverables to be provided under such Work Order. The CB Project Manager shall have: (i) day-to-day responsibility for supervising the performance of the CARD Bank's obligations under the relevant Work Order; and (ii) responsibility for seeking all necessary approvals to commit CARD Bank to any course of action, undertaking, obligation or responsibility in connection with the execution of the relevant Work Order.

18. **Facilities.** In the event that TELUPAY is required to provide the TelUPay Services on-site, CARD Bank and CMIT shall provide TELUPAY and its personnel access to their facilities that may be reasonably required by TELUPAY for the latter to provide the TelUPay Services, including but not limited to computing resources, clerical support and reprographic facilities. All such facilities that are provided by CARD Bank, CMIT and its Members shall be utilized for the sole purpose of performing the TelUPay Services. The use of the facilities by TELUPAY shall not constitute any leasehold or other property interest in favor of TELUPAY or any exclusive right to occupy or use the said facilities transfer any title in the facilities to TELU PAY.
18. **Change Orders.** If CARD Bank/CMIT desires to modify the scope of the Services to be performed or the Deliverables to be provided under a Work Order, CARD Bank/CMIT shall provide to TELUPAY a detailed description of such proposed modifications. Within fifteen (15) days of TELUPAY's receipt of such proposal (or other period of time as agreed by the parties), TELUPAY shall in good faith develop and deliver to CARD Bank/CMIT a change order (each a “**Change Order**”) setting forth the revised Work Order and the Services and Deliverables to be provided by TELUPAY and any other relevant changes to the applicable Work Order, including without limitation, any changes to the compensation to TELUPAY and the schedule for performance and delivery of the Services and Deliverables. Upon execution of the Change Order by an authorized representative of the Parties, such Change Order shall be effective and shall become a part of the Work Order. In the event the parties do not agree to the terms of a Change Order, the Work Order shall continue in effect as originally executed by the Parties. TELUPAY may also propose changes to the scope and/or compensation under a Work Order and CARD Bank/CMIT shall consider such proposed changes in good faith.
19. **KEY PERFORMANCE INDICATORS.** The CARD Bank/CMIT shall assess the acceptability of the TelUPay Services under the Pilot Program on the basis of the following:
  - 19.1 TelUPay System Availability – the measure of the system's up-time record equivalent to 99.5% of the total time period of observation. The period of observation shall be from the time the Production Readiness Certificate is issued up to the end of the Pilot Program.

- 19.2 TelUPay Response Time – the measurement of the period by which the Service Provider responds to a problem reported by CARD Bank/CMIT during the observation period.
- 19.3 TelUPay Resolution Time – the measurement of the period by which TELUPAY is able to resolve the problem reported by CARD Bank/CMIT during the observation period.
- 19.4 TelUPay System Transaction Threshold – the measurement of the maximum number of transactions during a specified period (peak and off-peak) that TELUPAY’s system can handle.

For the avoidance of doubt, the tables outlining the problem severity and the TelUPay response and resolution time requirement, which needs to be observed during the observation period, are found in Sections 4.3 and 4.4 of **Annex C (Service Level Agreement)**, made an integral part of this Agreement.

CARD Bank shall be entitled to claim from TELUPAY a percentage of the latter’s Transaction Fees of the previous month as a consequence of TELUPAY’s failure to meet the response times required under Annex C as described in Section 4.5 thereof.

- 20. **Problem Management and Escalation.** The CMIT and TELUPAY shall conform to the Problem Management and Problem Escalation Workflow as stipulated in **Annex C**.
- 21. **Issuance of Acceptance Certificate.** Within fifteen (15) days from the completion of the Pilot Program on the target completion date, CARD Bank shall notify TELUPAY regarding the outcome of the evaluation and shall issue either an Acceptance Certificate signifying CARD Bank’s acceptance of the CMIT and TelUPay Services as being compliant with the criteria and standards set and agreed upon by the Parties; or a Notice of Non-Acceptance if it finds that the such criteria and standards were not satisfied or complied with. If CARD Bank issues an Acceptance Certificate, the Pilot Program shall proceed to commercial operation, which shall be covered by a new agreement between the Parties, which terms and conditions shall be finalized within thirty (30) days before Pilot Completion.
- 22. **Exclusivity.** TELUPAY undertakes that it will not, directly or indirectly, within two (2) years from the Signing Date of this Agreement or upon the termination of this Agreement by mutual agreement of the parties, as provided in paragraph number 13 above, offer the CMIT and TelUPay Services or any modified or enhanced mobile application platforms and/or software to third parties, or entertain or solicit any offer of joint venture or partnership for the operation of the CMIT and TelUPay Services.
- 23. **Most Favored Nation Clause.** TELUPAY guarantees that all of the benefits and terms granted by TELUPAY herein are at least as favorable as the benefits and terms granted by it to CARD Bank. Should TELUPAY enters into any agreement with any other client as may be allowed under this Agreement which provides for benefits or terms more favorable than those contained herein, then this Agreement shall be deemed to be modified to provide CARD Bank with those more favorable benefits and terms. For this

purpose, TELUPAY shall promptly notify CARD Bank of the existence of such more favorable benefits and terms and CARD bank shall have the right to receive the more favorable benefits and terms immediately. If requested in writing by CARD Bank, TELUPAY shall amend this Agreement to contain the more favorable terms and conditions.

24. **Termination.** Any of the Parties has the right to terminate this Agreement if any party materially breaches or is in default of any obligation hereunder which default is incapable of cure or which, being capable of cure, has not been cured within thirty (30) calendar days after receipt of a written notice of such default (or such additional period as the non-breaching party may authorize in writing).

The foregoing notwithstanding, CARD Bank shall have the right to terminate this Agreement for the following breaches, which shall be deemed incapable of cure:

1. TelUpay System Availability falls below [99.5%] for a continuous period of at least [3 days].
  2. TelUpay System Availability falls below [95.0%] for a continuous period of at least [1 day].
  3. Continuous inability of TelUPay to meet the response time requirements under Annex B;
  4. Occurrence service incidents/issues with the following frequency:
    - a. Severity 1— exceeding five (5) times for any 30-day period;
    - b. Severity 2 — exceeding five (5) times for any 30-day period; or
    - c. Severity 3 — exceeding ten (10) times for any 30-day period.
25. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the Philippines;
26. **Dispute Resolution.** Any dispute, controversy or claim which may arise out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall, at the first instance, be settled by negotiation and consultation by the Parties in good faith.

In the event of such dispute, differences or disagreement cannot be settled by mutual agreement within the 60-day period, the same shall be settled finally by arbitration in the Philippines. The arbitration shall be conducted in accordance with the rules set forth by the Philippine Dispute Resolution Center, Inc. (“**PDRCI**”).

Any arbitration proceedings or award rendered hereunder and the validity, effect and interpretation of this agreement to arbitrate shall be governed by the laws of the Republic of the Philippines and the rules of the PDRCI.

The award shall be final and binding upon the Parties, and shall be the sole and exclusive remedy between the Parties regarding any claims, counterclaims, issues, or accountings presented to the arbitral tribunal. Each of the Parties hereto waives any right to appeal any decision reached by the arbitrator(s). Judgment upon any award may be entered in any court having jurisdiction.



This Agreement and the rights and obligations of the Parties hereunder shall remain in full force and effect pending the award in any arbitration proceeding.

This Agreement to arbitrate shall be binding upon the successors, assigns and any trustee or receiver of each Party.

27. **Separability.** If any provision of this Agreement shall be prohibited by or become invalid under applicable laws, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement;
28. **Entire Agreement.** This Agreement constitutes and embodies the entire agreement between the Parties. No other terms and conditions, verbal or otherwise, not herein expressly contained shall effect, change or modify this Agreement or alter the provisions herein agreed upon, unless such change, modification, extension, addition or alteration be in writing, duly signed by both parties.

Where the services under any Work Order require modifications or enhancements to the TELUPAY's existing mobile application platforms and/or software, the computer code and other literary elements arising out of such modification or enhancement shall be the sole and exclusive property of TELUPAY.

However, TELUPAY may not offer the use of such modified or enhanced mobile application platforms and/or software to other clients until the earlier of (a) after two (2) years from the Signing Date of this Agreement or (b) upon the termination of this Agreement by mutual agreement of the Parties, unless otherwise agreed upon by the Parties in writing.

Where the services under any Work Order require modifications or enhancements to the CARD Bank's or its Members' existing system, including but not limited to maintenance, conversion, or reengineering services, the computer code and other literary elements comprising the deliverable shall be the sole and exclusive property of CARD Bank or its Member. Any title or license to the deliverable shall vest with the CARD Bank or its Members upon payment of the fees for such deliverable.

Notwithstanding the above, CARD Bank acknowledges that all or part of the TelUPay Services may contain general know-how and prior intellectual property of the Service Provider, which is used or useable in connection with providing of products and services by TELUPAY to other persons, firms and entities.

Accordingly, CARD Bank agrees that TELUPAY may use all such know-how and prior intellectual property in connection with the provision of products and services to third parties not earlier than two (2) years from the termination of this Agreement, unless the parties by mutual agreement provides otherwise.

In the event that any general know-how and prior intellectual property of TELUPAY is embedded as part of the deliverables, TELUPAY grants to CARD Bank a non-exclusive, non-transferable, royalty free, license co-terminus with the term of this Agreement to use

such know-how and prior intellectual property that are embedded in such deliverable and form an integral of such deliverable to enable the use of such deliverables by CARD Bank and any other institution that is a member of the CARD MRI. Nothing contained in this clause shall be construed to grant the CARD Bank and its Members any right to use or exploit such prior intellectual property in its stand-alone form;

29. **Assignability.** This Agreement and a party's rights and obligations hereunder may not be assigned for any reason without the written consent of all the parties;
30. **Waive of Provisions.** Any waiver hereunder must be express and in writing by the party agreeing to waive any right hereunder;
31. **Integration.** This Agreement contains the entire agreement of the parties with respect to the subject matter hereof;
32. **Amendment.** This Agreement shall not be amended or modified except by a written instrument signed by all parties;
33. **Binding Effect.** The terms, conditions and provisions of this Agreement and all obligations of the parties shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns;
34. **Notices.** Any notice given under this Agreement shall be made in writing and shall be deemed to have been duly given or made if delivered personally, or mailed to the parties;
35. **Counterparts.** This Agreement may be executed in any number of separate counterparts that together shall constitute but one and the same Agreement.

**IN WITNESS WHEREOF**, the parties hereto hereby cause their respective authorized representatives to affix their respective signatures this 23<sup>rd</sup> day of July, 2014 in San Pablo City.

For  
**CARD Bank, Inc.**

/s/ Dolores M. Torres

Mrs. Dolores M. Torres  
*President & CEO*

Witnessed by:

Mrs. Lorenza DT. Baliez  
*Executive Vice-President*

For  
**CARD MRI Information Technology, Inc.**

/s/ Edgar V. Cauyan

Mr. Edgar V. Cauyan  
*President & CEO*

Witnessed by:

/s/ Roderick Mercado

Mr. Roderick Mercado  
*Vice-President*

For

**TELUPAY (PHILIPPINES), INC.**

/s/ Rosarito D. Carrillo

Ms. Rosarito D. Carrillo  
*President and CEO*

Witnessed by:

/s/ Guiller E. Evite

Guiller E. Evite  
*Team Lead – Business Development Group*

**ACKNOWLEDGMENT**

**REPUBLIC OF THE PHILIPPINES**

CITY OF MAKATI

) **S.S.**

**BEFORE ME**, a Notary Public for and in \_\_\_CITY OF MAKATI\_\_\_, on this \_\_\_\_\_ day of July 23, 2014, personally appeared the following with their respective Government Identification Numbers, to wit:

| <b>Name</b>              | <b>Government IDs</b>                          | <b>Date and Place of Issue</b> |
|--------------------------|--|--------------------------------|
| MR. EDGAR V. CAUYAN      |  |                                |
| MR. RODERICK MERCADO     |  |                                |
| MRS. DOLORES M. TORRES   |  |                                |
| MRS. LORENZA DT. BANEZ   |  |                                |
| MS. ROSARITO D. CARRILLO | DL No. N16-84-025291 expiring on 27 March 2014 |                                |

known to me and to me known to be the same persons who executed the foregoing instrument consisting of thirteen (7) pages including this page wherein the acknowledgement is written duly signed by the parties and their instrumental witnesses at the spaces herein provided, and they acknowledge to me the same is their own voluntary act and deed and that of the corporations herein represented.

**WITNESS MY HAND AND SEAL** on the date and place first above written.

Doc. No. 185  
Page No. 38  
Book No. 356  
Series of 2014

*ATTY. VIRGILIO R. BATALLA  
NOTARY PUBLIC FOR MAKATI CITY  
UNTIL DECEMBER 31, 2014  
ROLL OF ATTORNEY 48340  
MOLE COMPLIANCE NO. IV-0016333  
NO. 706762 LIFETIME MEMBER  
PTR NO. 4226606 JAN 2, 2014  
APPOINTMENT NO. M-35*

## CHARGES AND COSTS

### A. General Provisions

1. All prices are quoted in Philippine Peso(s) and inclusive of Value-Added Taxes “VAT”).
2. TelUPay represents and warrants that all fees and charges of the telecommunications companies which are incorporated in the prices quoted below are charged at cost to CMIT and its Members.
3. The fees provided herein shall be subject to review and renegotiation by the Parties within thirty (30) days prior to the lapse of six (6) months from Signing Date.

### B. Transaction Fees

For every mobile transaction done by members using the mobile application on any channels available on the TelUPay System,<sup>1</sup> CMIT shall pay the Service Provider **Php 0.20 per transaction**.

### C. SMS Cost

All SMS System Reply Cost shall be for the account of CMIT. TelUpay shall apply a tiered level of SMS Cost as given in the table below:

| Monthly SMS Volume                  | Cost per SMS |
|-------------------------------------|--------------|
| Less than 1 Million SMS             | PhP 0.75     |
| 1 Million up to less than 2 Million | SMS Php 0.70 |
| 2 Million SMS or more               | Php 0.65     |

For the avoidance of doubt, the applicable Costs per SMS shall be applied to the total Monthly SMS Volume. To illustrate, if the Monthly SMS Volume for a month is 1.2 Million SMS, the Costs per SMS that will be charged for the 1.2 Million SMS shall be Php 0.70.

### D. USSD Session Cost

The cost of every USSD Session, for every user opting to use the USSD Channel/Service, shall be **PhP 1.75**.

<sup>1</sup> “TELUPAY System” means the TELUPAY Services and the Services Documentation. “TELUPAY Services Documentation” means the services manuals, user instructions, technical literature and all other related materials in eye readable form supplied to the Client by the Service Provider for aiding the use of the TELUPAY Services.

### **E. Optional Charging**

In lieu of the Transaction Fee per usage, CMIT may opt to pay a yearly activation fee as follows:

| <b>Number of Users, any channels (SMS or USSD)</b> | <b>Yearly Activation Fee</b> | <b>Payment Due Date</b>   |
|--|------------------------------|---|
| < 1 Million Users                                  | Php 25.00/year/per user      | For any user enrolled by CMIT under this Optional Charging, TelUpay shall bill CMIT for the yearly activation fee at the end of month of enrollment of such user. |
| 1 Million Users or More                            | Php 20.00/year/per user      | For any user enrolled by CMIT under this Optional Charging, TelUpay shall bill CMIT for the yearly activation fee at the end of month of enrollment of such user. |

If the Number of Activated Users reaches 1 Million at any given month during the year, TelUpay shall reduce the Yearly Activation Fee to P20.00/user/year. Where CMIT has achieved a Number of Activated Users of 1 Million, for the next anniversary of CMIT's election of Optional Charging, TelUpay shall only charge a Yearly Activation Fee of only P20.00/user/year for all Activated Users of CMIT.

In this option, CMIT will only pay for the SMS Costs and the USSD Costs consumed by the transactions per usage. No transaction fees will be charged.

CMIT shall have the option of going back to paying Transaction Fee at any time, upon prior written notice to TelUpay.

### **F. Annual Maintenance Fee**

TelUpay, in addition to the actual transaction costs, shall be entitled to collect an Annual Maintenance Fees follows:

| <b>Period</b> | <b>Annual Maintenance Fee</b> | <b>Invoicing Frequency</b>  |
|---------------|-------------------------------|---|
| Year 1        | Free                          | N/A   |
| Year 2        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |
| Year 3        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |
| Year 4        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |

|        |             |   |
|--------|-------------|---|
| Year 5 | Php 600,000 | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |
|--------|-------------|---|

**G. Bills Payment and eLoad Transactions Costs**

TelUpay shall bill CMIT for the value of (1) bills payment and (2) eLoad transactions made through on a semi-monthly basis.

**H. Changes in the Fees and Costs**

The fees and costs described in this Annex A may be revised subject to the agreement in writing of both parties.

## CMIT FEES AND PAYMENT TERMS

### A. General Provisions

1. All prices are quoted in Philippine Peso(s) and inclusive of Value-Added Taxes (“VAT”).
2. The fees provided herein shall be subject to review and renegotiation by the Parties within thirty (30) days prior to the lapse of six (6) months from Signing Date.

### B. Transaction Fees

For every mobile transaction done by members using the mobile application on any channels available on the MFS System, CARDBank shall pay the Service Provider **Php 0.05 per transaction**.

### C. Annual Maintenance Fee

CMIT, in addition to the actual transaction costs, shall be entitled to collect an Annual Maintenance Fee as follows:

| <b>Period</b> | <b>Annual Maintenance Fee</b> | <b>Invoicing Frequency</b>  |
|---------------|-------------------------------|---|
| Year 1        | Free                          | N/A   |
| Year 2        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |
| Year 3        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |
| Year 4        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |
| Year 5        | Php 600,000                   | Quarterly in Advance, 4 equal quarters of Php 150,000 per Quarter |

### D. Changes in the Fees and Costs

The fees and costs described in this Annex A may be revised subject to the agreement in writing of both parties.



# Service Level Agreement

## 1. INTRODUCTION

---

### 1.1 Purpose

The TelUPay Service Level Agreement ("**SLA**") covers all the provisions and support for the Mobile Financial System ("**MFS**") which utilizes the TelUPay Mobile Banking Technology ("**TelUPay System**"), including the services to be provided under the Memorandum of Agreement ("**MOA**") signed by TelUPay (Philippines), Inc. ("**TelUPay**") and CARD MRI Information Technology, Inc. ("**Client**") collectively known as the "**Parties**", hereto dated 26 February 2014; the billable service, the hours of service coverage, how service delivery will be measured and reported to Client, any financial obligations for which the Client is responsible for, severity level definitions and response time.

The services covered by this SLA will be provided to the Client when the system is fully installed, tested and operational which for all purposes is defined as the period when the Client and its selected accountholders uses the MFS ("**PILOT**") as per MOA.

This document clarifies all parties' responsibilities and procedures to ensure Client's needs are met in a timely manner. This SLA will remain valid for the duration of the term of the MOA until revised or modified by the parties in writing.

## 2. SCOPE OF SERVICE

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### 2.1 Service Description

The Mobile Financial Service (MFS) is a complete comprehensive financial solution that aims to improve banking business by providing fast, effective and efficient way to do fund transfers and conduct business transactions for Client.

In addition to the MFS, this document shall have a limited coverage on the service level commitment of the SMS and USSD Gateway Facility known here in this document as **3<sup>rd</sup> Party Service Provider Service**. The limited coverage means that the 3<sup>rd</sup> Party Service Provider Service shall only cover the SMS and USSD Gateway Platform availability only and shall by no means include availability of the Telecommunication Operators' availability.

### 2.2 Service Availability and Support Hour

Required availability for these services is 99.5 percent uptime per month twenty-four (24) hours and seven (7) days a week, not counting planned maintenance times. Availability will be measured everyday and averaged monthly, while the 3<sup>rd</sup> party Service Provider Service, shall be providing daily transactions and availability report.

The TelUPay shall provide:

1. Technical support to its Client during regular business hours: Monday - Friday, 9:00 A.M. to 6:00 P.M.
2. On-call and email support is available twenty-four (24) hours a day / seven (7) days a week.

If these service times are found to be unacceptable, the Client may request an SLA review for re-evaluation.

### 2.3 TelUPay Key Personnel

TelUPay will provide key personnel with different escalation levels as the primary contact points for the counterpart key personnel provided by the Client for various concerns as indicated in the 'Client Key Personnel' part of this SLA.

In case the personnel assigned for the first escalation priority is not available or cannot be contacted for some reason, the Client can move up the escalation priority list.

Should there be a change of key personnel from TelUPay, TelUPay will communicate the change to the Client immediately to ensure proper turnover.

| Key Personnel      | Escalation Level      | Project Role           | Contact Information                                   |
|--------------------|-----------------------|------------------------|---|
| Ria Jane Gutierrez | 1 <sup>st</sup> level | Quality Assurance Team | ria.gutierrez@TelUPay.com<br>63918494-2027<br>6597595 |
| Karlene Abainza    | 2 <sup>nd</sup> level | Project Manager        | Karlene.abainza@TelUPay.com<br>09177955602<br>6597595 |
| Glenn Losentes     | 3 <sup>rd</sup> level | Senior Manager         | Glenn.losentes@TelUPay.com<br>09177170708<br>6597595  |

### 2.4 Documentation

TelUPay will provide documentation to the Client in the form of user manuals for the developed modules and phone compatibility list upon delivery and acceptance of the product by the Client.

### 2.5 Out-of-Scope Services

TelUPay may provide out-of-scope services (OOSS) as may be required by the Client subject to approval by both Parties through a change request process.

Change Request for out-of-scope services shall be accomplished by the Client describing the scope of the requirement. TelUPay then shall provide the quotation for the OOSS outlining the

impact of the request - timeline, downtime requirement, improvement in the service, additional hardware or software requirement, and the amount required for the OOSS to be accomplished.

TelUPay shall only proceed with the OOSS with an approval from the Client of the quotation through issuance of a purchase order.

Should the OOSS be a minor change request, meaning work can be done in less than 1 man-day (i.e., minor aesthetic or text revisions in UI), TelUPay shall waive the fees for the service request.

### **3. PERFORMANCE TRACKING AND REPORTING**

---

#### **3.1 Service Level Reporting**

TelUPay shall provide a weekly summary report to ensure that no issue has been left unresolved and the requirements of the SLA are met on all the agreed issues/problems.

The report shall include statistics on how many issues have been reported, resolved and still open among others. This report should be available for printing from the TelUPay Bug Tracker directly.

#### **3.2 Service Review Meeting**

This SLA is valid within the term of the MOA, as services and technologies changer the SLA may change to reflect the improvements and/or changes. This SLA will be reviewed as per mutual agreement and updated as necessary. When updates are deemed necessary, the Client will be asked to review and approve the changes. In the absence of the completion of a review, the current SLA will remain in effect.

### **4. PROBLEM MANAGEMENT**

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Problem Management is structured to address the causes of incidents that pose the greatest risk. The main goal of problem management activities is to ascertain the root causes of incidents and to minimize their impact on the business operations of the Client (and hence eliminating repeat problems).

#### **4.1 Incident Management**

The TelUPay Helpdesk Team will respond to each service incidents/ issues reported that affects the continuity of the business operation as per defined in the 'Support and Service Desk' section of this SLA. Issues are received in the form of a ticket created in the TelUPay Bug Tracking System.

Issues are categorized according to its type (i.e. Architectural, Software, Application, Data Input and Change Request) and assessed its severity to determine the cause of the interruption. As soon as these two aspects occur, the problem is changed to a known error.

Known errors are cross-referenced to see if there exists a record on the TelUPay Bug Tracker. If so, the new incident will either be closed or tagged as a child issue with reference to the existing one. However, if the known error doesn't match any existing ticket, it will be assigned to key personnel for corresponding solutions.

#### 4.2 Severity Level

Severity Level can be defined based on the following description:

| Severity Level      | Description  |
|---------------------|--|
| Severity 1: Urgent  | During <b>SEVERITY ONE</b> incidences, MFS ceases to function and Business cannot continue.  |
|                     | USSD and/or SMS Gateway is totally unavailable due to fault of the 3 <sup>rd</sup> Party platform  |
| Severity 2: Major   | During <b>SEVERITY TWO</b> incidences, major elements of MFS are running on a degraded functionality making some features not available                      |
|                     | USSD and/or SMS Gateway experiencing significant degradation or any of the telco is not available  |
| Severity 3: Minor   | During <b>SEVERITY THREE</b> incidences, all business functions are working as required, but at a slower performance output.                                 |
|                     |  |
| Severity 4: Trivial | MFS or its significant elements are exhibiting errors that do not have direct influence on all or part of the activities connected to the MFS.               |
|                     | During <b>SEVERITY FOUR</b> incidences e.g. aesthetic errors all business functions are working as required and there is no impact on the operations of MFS. |

#### 4.3 Support and Service Desk

The TelUPay Team will respond to service incidents that affect the business based on the following metrics on Severity level.

| Severity | Response Time | Target system restore time (Workaround) | Target Resolution | Status Call |
|----------|---------------|---|-------------------|-------------|
|          |               |   |                   |             |

|                        |                                |                                 |                                       |   |
|------------------------|--------------------------------|---------------------------------|---------------------------------------|---|
| Severity 1<br>MFS      | 30 minutes after ticket report | 2 hours after ticket report     | 1 business day after issuing response | Every 60 mins until resolution                |
| Severity 1<br>SMS/USSD | 30 minutes after ticket report | 3 hours after ticket report     | 6 hours after ticket report           | Every 60 mins until resolution                |
| Severity 2             | 1 hour after ticket report     | 4 hours after ticket report     | 1 – 2 business days                   | Every 4 hours until resolution                |
| Severity 2<br>SMS/USSD | 1 hour after ticket report     | 12 hours after ticket report    | 24 hours after ticket report          | Every 4 hours until resolution                |
| Severity 3             | 3 hours after ticket report    | 8 hours after issuing response  | 5 – 10 business days                  | Every day after first update until resolution |
| Severity 3<br>SMS/USSD | 3 hours after ticket report    | 1-2 days after issuing response | 5 – 10 business days                  | Every day after first update until resolution |
| Severity 4             | 5 hours after ticket report    | 12 hours after issuing response | Per agreed – to plan                  | Upon closure                                  |

#### 4.4 Problem Escalation Workflow

1. That Client has done its first level troubleshooting and isolated the issue to be with the MFS. The basis of the troubleshooting and isolation will be the MFS Administration Manual.
2. Problems/ Issues should be created as a ticket in the TelUPay Bug Tracker.
  - Application Administrator will access <http://TelUPay.bugtrack.com> or may ask TelUPay Helpdesk to access on his/her behalf.
  - Application Administrator will create a ticket and submits in TelUPay bugtrack or may ask TelUPay Helpdesk to access on his/her behalf.
3. Only key personnel from both TelUPay and Client can report, assess and update the issue in the TelUPay Bug Tracker.
  - The Application Administrator from Client
  - The Project Manager for Client
  - The Application Manager for Client

- The Quality Assurance Team for TelUpay
- The Project Manager for TelUpay
- Senior Manager for TelUpay

Process:

1. Client Application Administrator reports issues through the TelUPay Bug Tracker in the form of a ticket. Issues are categorized according to its type and assessed according to its severity. Application manager will also notify TelUPay via email of the issue and the ticket. Ticket can be addressed to the QA, Project manager and Application Administrator.
2. TelUPay Quality Assurance (QA) will cross-reference reported issue if there exists a record on the TelUPay Bug Tracker. If so, the new incident will either be closed or tagged as a child issue with reference to the existing one. However, if the known error doesn't match any existing ticket, it will be assigned to key personnel (Project Manager; Developer) for corresponding solutions.
  - a. Project Manager - Change request and uncontrolled variables.
  - b. Developer
3. Key Personnel will re-assess ticket. If issue can be replicated, resolution or fixes will be applied. However, if the issue forwarded cannot be replicated, ticket will be re-assigned to the Client representative for re-evaluation or closing.
4. Fixed ticket will be forwarded to QA for regression testing.
5. If ticket has passed the testing, QA will forward ticket to PM. If not, ticket will be re-assigned to the Key Personnel for re-fixing.
6. PM will tag ticket as RESOLVED, if verified successful. If not, ticket will be re-assigned to the QA.
7. Client will re-test issue and if confirmed resolved, will tag ticket as CLOSED. However, if still not addressed, will re-assign issue to QA for possible resolution until Client will tag it solved.
8. TelUPay shall submit a post-mortem report to the Application Manager for Client not later than three (3) days after the incident.

#### **4.5 Consequences of Failure to Respond and KPI of System Availability not met**

1. In the event that the TelUPay fails to meet any of the response times, workaround times or target resolution times required for Severity Levels 1, 2 and 3 identified in the

Section 4.3 except for the Status Calls of this Annex B, the Client shall be entitled to claim from TelUPay the following:

- a. Severity 1 failure to comply (except for Status Call) - twenty percent (20%) of the total Transaction Fee of the previous month only.
- b. Severity 2 failure to comply (except for Status Call) - fifteen percent (15%) of the total Transaction Fee of the previous month only.
- c. Severity 3 failure to comply (except for Status Call) - ten percent (10%) of the total Transaction Fee of the previous month only.

This provision shall be in effect starting from three (3) months after date of the 1<sup>st</sup> transaction of a member in the production environment or three (3) months after the date of the signing of the Memorandum of Agreement (MOA) whichever is earlier.

2. In the event that the TelUPay fails to maintain a 99.5% TelUPay System Availability as prescribed in Section 14.1 of the Agreement, Client is entitled to claim from TelUPay as compensation from the Availability not being met, twenty percent (20%) of the Transaction Fees only of the previous month only. Such amount shall be independent of the claims the Client has made in item 1 above and without prejudice to the Client's remedies under Section 20 of the Agreement.

## **5. DUTIES AND RESPONSIBILITIES**

---

### **5.1 Hardware and Infrastructure Dependencies**

TelUPay will provide the hardware as required for the implementation of the MFS. The CMIT must ensure that the hardware is located in a secured environment agreed upon by both Parties. TelUPay will provide support and maintenance for the TelUPay-owned provided hardware (“**TelUPay Hardware**”). TelUPay will provide any required upgrades or Changes in the specs of the TelUPay Hardware.

### **5.2 Other Projects of the Client**

In the event that the Client will develop other projects on its own, either through in-house development or through another third-party vendor, and use the functionalities of MFS to function properly, the Client will ensure that the other projects will have the means to properly communicate with MFS and that the other projects will not disrupt the operations of MFS in any way.

TelUPay will consider the accommodation of further customization of MFS for the other project subject to a new agreement.

### **5.3 Client Key Personnel**

The Client will provide key personnel (“**Client Key Personnel**”) with different escalation levels as the primary contact points for the counterpart key personnel provided by TelUPay for various concerns as indicated in the ‘TelUPay Key Personnel’ part of this SLA.

The Client Key Personnel will provide the proper support by assigning the designated manpower, sufficient facilities and other required resources for the operations of the MFS.

The Client Key Personnel will adhere to the problem escalation process set by TelUPay to properly execute the problem management. This includes providing the complete information by filling in required forms and submitting complete report.

Should there be a change of Client Key Personnel from the Client, the Client will communicate the change to TelUPay to immediately ensure proper turnover.

| Key Personnel         | Escalation Level | Project Role              | Contact Information  |
|-----------------------|------------------|---------------------------|--|
| CAMILLE JOYCE DE MESA | 1 <sup>st</sup>  | Application Administrator | (049) 503-1547<br>(049) 562-4309 loc 124<br>cj.demesa@cardbankph.com       |
| VASHILYN MANALO       | 2 <sup>nd</sup>  | Project Manager           | (049) 503-1547<br>(049) 562-4309 loc 124<br>vashilyn.manalo@cardbankph.com |
| ALEXANDER SANCIANGCO  | 3 <sup>rd</sup>  | Application Manager       | (049) 503-1547<br>(049) 562-4309 loc 124<br>Alex.sanciangco@cardbankph.com |

#### 5.4 Approvals and Information

Both TelUPay and Client Key Personnel will participate, when requested in all decision-making that involves technical, administrative and procedural that may affect the integrity of the Client application and database.

They will provide all information necessary to assist TelUPay in coming up with the proper solution. This shall include procurement of additional hardware to scale up the system when usage rises and replacement of faulty hardware.

## 6. SECURITY

### 6.1 Location



The Client shall provide a secure location to house the MFS. A secured location is defined as a space where the following criteria are met:

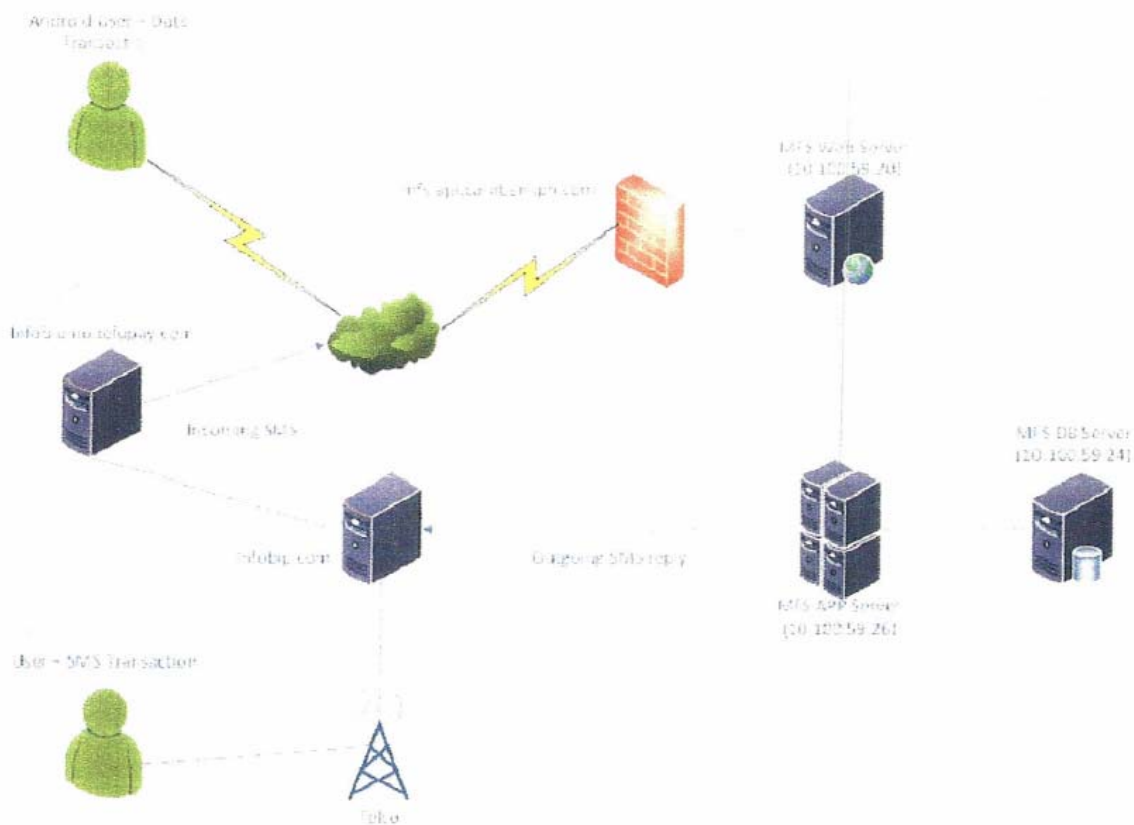
- Regulated and monitored access.
- Safe from the elements. e.g. dust free with proper ventilation and not exposed to the harmful rays of the sun.
- Safe from natural calamities. e.g. flood and earthquake.
- Safe from man-made calamities. e.g. Fire and power outage.
- Safe from theft.

## 6.2 Accessibility

CMIT shall provide a secured network that will be used as the sole connection of the MFS to the Telecommunication companies (TELCO) subject to commitment letter by TelUPay for its share of the cost of the 2<sup>nd</sup> DSL Connection.

## 7. HARDWARE INVENTORY

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**HP Bladesystem c3000, 508665-B21**

- 4 x 1200W Power Supply
- 6 HP Active Cool Fans
- 1 x HP Blc GbE2c LY 2/3 Switch, 438030-B21

**2 x HP BL460c G6 E55306G, 507780-B21**

- Intel Xeon E5530 quad core (2.4Ghz 4M Cache, 8MB L3 Cache 80W)
- 12gb PC-3 800 Memory
- 4 x HP 300GB 3G SAS 10K 2.5in DP ENT HDD 492620-B21
- 6 x HP 2gb 2rx8 PC3-10600R-9 kit 500656-B21

**2 x HP BL280C G6 E5502 2G 507788-B21**

- Intel Xeon E5502 G6
- 2gb PC3-800 Memory
- 2 x HP 250GB 3G SATA NHP 460357-B21

**2 HP B1280C G6 CTO Blade**

Sn.SGH031XRAY, SGH031XRBO

2 HP E5506 B1280C G6 FIO Kit

2 HP 2gb 2RX8-PC3 10600R-9-Kit

2 HP Factory Integrated- (PN500656-B21/0D1)

2 HP 146GB SAS 10k 2.5IN NHP DP

ENT Hard Disk Drive

Sn.3SD30RHD, 3SD30MP4

2 HP Factory Integrated- (PN:537807-B21/0D1)

2 Smart Array P712M/ZM Controller

2 HP Factory Integrated (PN:484299-B21/0D1)

**GLOSSARY**

| <b>Term</b>                 | <b>Definition</b>  |
|-----------------------------|--|
| Key Personnel               | This refer to individuals responsible assigned for the development, administration or advise on the MFS operation. They consist of high-ranking personnel that need to be contacted in cases needed of decision making.  |
| Client                      | Refer to the bank company or other engaging party availing of the services of TelUPay  |
| Service                     | Refers to the provision of a discrete function within a systems environment  |
| Service Catalog             | Refers to the list of services that an TelUPay will provide to the Client  |
| Incident/ Issue             | Any unplanned outcome from the operation of an information system. Incidents interrupt the IT service which the Client receives.   |
| Known error                 | Refers to the identified root cause of a Problem   |
| Ticket                      | Formal incident report created by Client in the TelUPay Bug Tracker.   |
| Workaround                  | Refers to the bypass of a recognized problem in a system. A workaround is typically a temporary fix that implies that a genuine solution to the problem is needed. Frequently workarounds are as creative as true solutions, involving out of the box thinking in their creation.  |
| Severity Level              | These are assessment made for each identified problem to establish the service level requirement   |
| Helpdesk Facility Program   | The application set-up by TelUPay to accommodate incident reports from Client during the UAT or Production phase.  |
| Bank System Project Manager | The Key Personnel responsible for assessing and monitoring the status of all reported problems. He is the only authorized person to report problems in the TelUPay bug tracker. He is the one who directs non-application problem to the Bank System Team upon assessing that the problem is beyond application. Guidelines will be provided by TelUPay through the Trouble Shooting document. |
| Bank System Team            | They are bank personnel responsible for resolving non-application problems and are required to provide report to the Bank System Project Manager.  |

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| TelUPay Bug Tracker        | The application to be used by both the Client and the TelUPay to communicate the problem reporting and monitoring.   |
| TelUPay Team               | The TelUPay Technologies Philippines, Inc personnel responsible for resolving all reported problems in the TelUPay Bug Tracker.  |
| Country Partner (Helpdesk) | They are one of the Key Personnel assigned by TelUPay to accommodate issues/problems raised by Country Clients. They will serve as TelUPay's representative in their corresponding local area. |

**TERM SHEET – JOINT VENTURE COMPANY**

*This Term Sheet is being issued for discussion/exploratory purposes only and shall not be construed as a binding offer or proposal, unless the Parties have executed the definitive agreements specifically and expressly embodying the terms and conditions agreed upon by both parties.*

|                                 |  |
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| <b>Parties</b>                  | <p>The following terms and conditions shall be executed by and between:</p> <ul style="list-style-type: none"> <li>• <b>TELUPAY(PHILIPPINES), INC. ("TELUPAY")</b>, a corporation duly organized and existing under Philippine laws with principal office located at 6th Floor Kings Court Building 2, 2129 Don Chino Roces Avenue corner Dela Rosa Street, Makati City 1230, Philippines, herein represented by its President and CEO, Jose Luis Romero-Salas; and</li> <li>• <b>CARD MRI INFORMATION TECHNOLOGY INC. ("CMIT")</b>, a corporation duly organized and existing under Philippines Laws with principal office located at 20 M. L. Quezon St., City Subdivision, San Pablo City, Laguna) herein represented by its President and CEO, Edgar Cauyan.</li> </ul> <p>(TELUPAY and CMIT may hereinafter be referred to individually as a "<b>Party</b>" and collectively as "<b>Parties</b>")</p> |
| <b>Objective of the Parties</b> | <p>The Parties have agreed in principle to the utilization of TELUPAY's mobile application platform and/or software development services ("<b>TELUPAY Services</b>") for CMIT and its Members' mobile banking service requirements. For this purpose, the Parties shall establish a joint venture company which shall serve as the Service Provider of the TELUPAY Services ("<b>JV Co</b>") subject to the terms and conditions provided herein.</p>  |
| <b>Condition Precedent</b>      | <p>The establishment of the JV Co shall be subject to and conditioned upon the successful completion of a Pilot Program wherein the TELUPAY Services will be made available to CMIT and its Members for a limited period from _____ to _____, during which period CMIT shall determine the TELUPAY Services' capability, reliability, usability, security, viability, scalability, performance, install-ability, compatibility and conformity with the overall requirements of CMIT for the implementation of a Mobile Financial System ("<b>MFS</b>"). The successful implementation of the Pilot Program and the</p>   |

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|  | <p>acceptability of the TELUPAY Services shall be confirmed by CMIT through the issuance of an Acceptance Certificate, within fifteen (15) days from the end date of the Pilot Program.</p>  |
| <p><b>Establishment of a Joint Venture Company</b></p> | <p>Upon the satisfaction of the Condition Precedent, the Parties shall cause the formation and registration of a joint venture company (the "<b>Company</b>") with the Philippine Securities and Exchange Commission ("SEC").</p> <p>The Company shall be established for the purpose of providing TELUPAY Services to CMIT and other entities that CMIT will decide to include. "TELUPAY Services" refer to the mobile application platform and/or software development services providing mobile phone banking and e-wallet services, including all updates, patches or enhancements thereto, training, maintenance and support services add other deliverables and information supplied by or on behalf of TELUPAY, which will enable specific transactions allowed by CMIT's system for its customers to conduct mobile transactions such as but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Balance inquiries</li> <li>• Cash-in</li> <li>• Cash-out transactions (Request, Completion and Cancellation of Request)</li> <li>• Loan payment (Client-Initiated and Agent-Assisted)</li> <li>• Revolving Credit Facility Loan (Request for drawdown and Repayment)</li> <li>• Fund transfer (Matapat to Pledge and with Other Savings Account)</li> <li>• Change MPIN</li> <li>• Request for Mini-Statement</li> <li>• Agent Summary of Transactions</li> <li>• Bills payment</li> <li>• E-load purchases</li> </ul> |

|   | <ul style="list-style-type: none"> <li>• MBO/ Tier 2 Agent (Cash-in and Cash-out transactions)</li> </ul> <p>TelUPay Services shall also include all transactions necessary or incidental for the foregoing transactions such as, but not limited to:</p> <ul style="list-style-type: none"> <li>• Enrollment/ registration/ activation / deactivation of a MFS account</li> <li>• Security control</li> <li>• Report generation</li> <li>• Real-time notification and confirmation of customer transactions</li> <li>• Back- up and recovery</li> <li>• Source code management</li> </ul> |                        |                    |                        |                          |     |     |                       |     |     |       |      |      |
|---|--|------------------------|--------------------|------------------------|--------------------------|-----|-----|-----------------------|-----|-----|-------|------|------|
| <p><b>Authorized Capital Stock of the Company</b></p>           | <p>The authorized capital stock of the Company shall initially be Ten Million Philippine Pesos(PhP 10,000,000.00) consisting of [x] Common (Voting) Shares with a par value of One Peso (PhP 1.00) per share, and [x] Preferred (Non-voting) Shares with a par value of One Peso(PhP1.00) per share.</p>   |                        |                    |                        |                          |     |     |                       |     |     |       |      |      |
| <p><b>Ownership Interest in the Company</b></p>                 | <p>The ownership interest of TELUPAY and CMIT in the Company shall be as follows:</p> <table border="1" data-bbox="586 1241 1338 1598"> <thead> <tr> <th>Shareholder</th> <th>% of voting shares</th> <th>% of non-voting shares</th> </tr> </thead> <tbody> <tr> <td>TELUPAY and its Nominees</td> <td>30%</td> <td>30%</td> </tr> <tr> <td>CMIT and its Nominees</td> <td>70%</td> <td>70%</td> </tr> <tr> <td>TOTAL</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>  | Shareholder            | % of voting shares | % of non-voting shares | TELUPAY and its Nominees | 30% | 30% | CMIT and its Nominees | 70% | 70% | TOTAL | 100% | 100% |
| Shareholder   | % of voting shares   | % of non-voting shares |                    |                        |                          |     |     |                       |     |     |       |      |      |
| TELUPAY and its Nominees  | 30%  | 30%                    |                    |                        |                          |     |     |                       |     |     |       |      |      |
| CMIT and its Nominees   | 70%  | 70%                    |                    |                        |                          |     |     |                       |     |     |       |      |      |
| TOTAL   | 100%   | 100%                   |                    |                        |                          |     |     |                       |     |     |       |      |      |
| <p><b>Governance; Composition of the Board of Directors</b></p> | <p>The Board of Directors of the Company shall consist of seven (7) directors. For as long as CMIT holds or owns at least Seventy Percent (70%) of the voting stock of the Company, CMIT shall be entitled to nominate Five (5) directors to the Board. For as long as TELUPAY holds or owns at least ___% of the voting stock of the Company, TELUPAY shall be entitled to nominate ___( ) directors to the Board. The Parties agree to pool and cast their</p>   |                        |                    |                        |                          |     |     |                       |     |     |       |      |      |

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|   | <p>votes to procure the election of their nominees as members of the Board in accordance with this clause.</p> <p>In the event of a vacancy in the Board of Directors, the party who nominated the vacating director shall have the right to nominate the successor director for the unexpired term of the vacating director. Any director elected shall be entitled to continue in office until expiration of his term or until removal by the Board of Directors. The Party which originally nominated such director shall be entitled to nominate another in his place.</p>   |
| <p><b>Meetings of the Board of Directors; Quorum; Voting Requirements</b></p> | <p>The Board shall hold regular meetings at least once every quarter or as often as the Board may deem necessary on such dates and at such times and places as may be determined by the Chairman of the Board, or the President, or upon the request of at least a majority of the members of the Board. A director may attend the meeting via teleconference or videoconference and be counted for quorum purposes.</p> <p>In any meeting of the Board, at least a majority, or four (4) members of the Board, must be present to constitute a quorum.</p> <p>The affirmative vote of a majority of the directors present during a meeting at which there is a quorum shall be sufficient to constitute a valid corporate act.</p>  |
| <p><b>Shareholders' Meetings, Quorum; Voting Requirements</b></p>             | <p>The regular meetings of the shareholders shall be held at the principal office of the Company every so often as may be provided in the By-Laws of the Company.</p> <p>Special meetings of the shareholders may be held on such dates and at such times as may be determined by the Chairman, or the President, or upon the request of shareholders representing at least a majority of the Company's outstanding capital stock.</p> <p>Except where the law requires the presence of a greater number, the presence of shareholders representing at least a majority of the Company's outstanding capital stock shall constitute a quorum at any shareholders' meeting. If no quorum is constituted, the meeting shall be adjourned until a quorum is achieved.</p> <p>The affirmative vote of the shareholders representing at least a majority of the Company's outstanding voting shares shall be sufficient to constitute a valid corporate act, except where the Corporation Code requires the affirmative vote of at least two-thirds (2/3) of the Company's outstanding capital stock.</p> |



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| <p><b>Rights of Preferred Shares</b></p> | <p>Preferred shares shall be non-voting, non-cumulative, participatory, and shall be entitled to preference in liquidation and distribution.</p> <p>Where dividends are declared, holders of Preferred Stock shall be entitled to receive a fixed dividend at the rate of Five Percent (5%), payable as may be authorized by the Board of Directors before any dividend shall be set apart or paid on the Common Stock. After all accrued and unpaid dividends on the Preferred Stock have been fully paid or declared and provided for, the holders of Preferred Stock shall then be entitled to participate in the retained earnings of the Company equally with the holders of the Common Stock, so that the holders of the Preferred Stock, in addition to the Five Percent (5%) preferred dividends above provided, shall receive a further amount per share of Preferred Stock equal to the amount per share of Common Stock to be received by the holders of the Common Stock. The dividend rate on the Preferred Shares may be changed subject to the decision of the Board.</p> <p>In the event of any liquidation or dissolution or winding up to the Company, whether voluntary or involuntary, the holders of the Preferred Stock shall be entitled to be paid in full both the par value of their shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the Common Stock. After such payment to the holders of the Preferred Stock, the remaining assets of the Company shall be divided pro rata among the holders of both Common Stock and Preferred Stock</p> |
| <p><b>Pre-Emptive Rights</b></p>         | <p>Each holder of Common Stock shall be entitled to pre-emptive rights as to all issues of Common Stock, and each holder of Preferred Stock as to all issues of Preferred Stock, whether such issues are to be made out of present authorized capital stock or out of a proposed increase of authorized capital stock of from treasury.</p>  |
| <p><b>Right of First Refusal</b></p>     | <p>(a) If any Party ("<b>Transferring Shareholder</b>") wishes to sell, assign, or otherwise transfer its shares in the Company ("<b>Transfer Shares</b>") it shall first offer to sell such shares to the other Party ("<b>Non-transferring Shareholder</b>") through a written notice specifying the price, terms and conditions of its offer ("<b>Transfer Notice</b>").</p> <p>(b) The Non-transferring Shareholder, within 60 calendar days</p>   |

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|   | <p>from receipt of the Transfer Notice ("<b>Exercise Period</b>"), shall have the right to exercise the Right of First Refusal. If the Non-transferring Shareholder rejects the offer, or fails or otherwise refuses to accept the offer within the 60-day period, the Transferring Shareholder shall have the right to sell the Transfer Shares to a third party at a price and subject to terms and conditions no less favorable than those stated in the Transfer Notice, within 60 days from the lapse of the Exercise Period, or from receipt of a notice of rejection by the Non-transferring Shareholder, whichever is earlier ("<b>Transfer Period</b>").</p> |
| <b>Tag-Along Right</b>                              | <p>In the event that either Party agrees to sell all or part of its shares in the Company to a third party, and provided the other Party has not exercised its Right of First Refusal, the other Party has the right to join the transaction and sell its shares at the same terms to the third party.</p>  |
| <b>Drag-Along Right</b>                             | <p>In the event that either Party agrees to sell all of its shares in the Company to a third party and the other party does not exercise its Right of First Refusal or Tag-Along Right, the selling Party has the right to force the other party to join in the sale of its shares in the Company at the same terms to the third party.</p>   |
| <b>Prohibited Pledges and Involuntary Transfers</b> | <p>To the maximum extent permitted by applicable laws, each Party covenants and agrees that it shall not pledge or otherwise encumber its shares to, or in favor of, any financial institution or other person without the prior written consent of the other Party.</p>  |
| <b>Other Restrictions on Transfer</b>               | <p>No Party may transfer its shares to any person whose business competes with the business of the Company, unless with prior written consent of the other Party.</p>   |
| <b>License over the TELUPAY Service</b>             | <p>TELUPAY undertakes to grant to the Company, for the term of the joint venture and within the Philippines, an exclusive, royalty-free, and sublicenseable right and license to use and exploit the TELUPAY Services for the purpose of providing TELUPAY Services to CMIT other entities CMIT may decide to include, and to such other clients as may be agreed upon by the Parties.</p> <p>TELUPAY warrants that it has complete and absolute right, title and interest in the TELUPAY Services and all intellectual</p>   |

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|                                     | <p>property rights thereto (including but not limited to any trademarks, patents, designs, copyrights, know-how) and is entitled to license the intellectual property rights in the TELUPAY Services to CMIT. TELUPAY further warrants and represents that the TELUPAY Services and the use by CMIT and/or its Members and sublicensees of the know-how and technical information or processes relating to the TELUPAY Services, will not infringe on the intellectual property rights of third parties.</p>   |
| <p><b>Most Favored Licensee</b></p> | <p>The rate granted to the Company in consideration for the grant of license to use and exploit the TELUPAY Services shall be no less favorable than those granted to any other licensee of TELUPAY. In the event TELUPAY offers more favorable terms to another such licensee, TELUPAY will notify the Company promptly and provide the Company the option of amending the license agreement accordingly.</p> <p>Should the Company avail of any other product/service of TELUPAY, the rate to be charged to the Company shall be no less favorable than those granted to any other licensee of TELUPAY for the same product/service. In the event TELUPAY offers more favorable terms to another such licensee, TELUPAY will notify the Company promptly and the Company shall have the right to substitute the more favorable rate granted to such third party.</p>   |
| <p><b>No Competition</b></p>        | <p>Each Party agrees that for as long as both Parties are stockholders of the Company, no Party will engage, directly or indirectly, either as proprietor, stockholder, partner, or otherwise, in the same or similar activities as were performed for the Company in any business in the Philippines which distributes or sells products or provides services similar to those distributed, sold, or provided by the Company at any time.</p> <p>For a period of [three (3) years] after a Party ceases to be a stockholder of the Company, the said Party will not, directly or indirectly, either as proprietor, stockholder, partner, or otherwise, distribute, sell, offer to sell, or solicit any orders for the purchase or distribution of any products or services which are similar to those distributed, sold or provided by the Company, to or from any person, firm or entity in the Philippines which was a customer of the Company.</p> |

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| <b>Termination/Cancellation</b> | This agreement shall be automatically terminated/ cancelled if the SEC:(a) does not approve the incorporation of the Company within sixty (60) days from the signing of the Joint Venture Agreement; (b) denies the application for incorporation of the Company; or (c) requires amendment of the Articles of Incorporation and By-Laws of the Company which either Party deems unacceptable in its good faith business judgment.  |
| <b>Governing Law</b>            | This Agreement shall be governed by, and construed in accordance with, the laws of the Philippines.   |
| <b>Dispute Resolution</b>       | <p>Any dispute, controversy or claim which may arise out of or in connection with the Agreement, or the breach, termination or invalidity thereof, shall, at the first instance, be settled by negotiation and consultation by the parties in good faith.</p> <p>In the event of such dispute, differences or disagreement cannot be settled by mutual agreement within the 60-day period, the same shall be settled finally by arbitration in the Philippines. The arbitration shall be conducted in accordance with the rules set forth by the Philippine Dispute Resolution Center, Inc. ("PDRCI").</p> <p>Any arbitration proceedings or award rendered hereunder and the validity, effect and interpretation of this agreement to arbitrate shall be governed by the laws of the Republic of the Philippines and the rules of the PDRCI.</p> <p>The award shall be final and binding upon the Parties, and shall be the sole and exclusive remedy between the Parties regarding any claims, counterclaims, issues, or accountings presented to the arbitral tribunal. Each of the Parties hereto waives any right to appeal any decision reached by the arbitrator(s). Judgment upon any award may be entered in any court having jurisdiction.</p> <p>This Agreement and the rights and obligations of the Parties hereunder shall remain in full force and effect pending the award in any arbitration proceeding.</p> <p>This Agreement to arbitrate shall be binding upon the successors, assigns and any trustee or receiver of each Party.</p> |



**LETTER OF UNDERSTANDING (LOU)**

Between

MASS-SPECC COOPERATIVE DEVELOPMENT CENTER

And

TELUPAY (PHILIPPINES), INC.

**SUBJECT:** TelUPay Sales Incentive Promo 2014

1. **Purpose.** This LOU serves as documentation on the understanding between Mass-Specc Cooperative Development Center (“MCDC”) and TelUPay (Philippines), Inc. (“TelUPay”) with regards to the implementation of the MCDC Front Liner Incentive Promo 2014 (“Incentive”) for MCDC. The MCDC and TelUPay shall be collectively referred to as the “Parties”.
2. **Scope.** This LOU covers the Incentive mechanics agreed upon by the Parties, and the settlement terms for the incentives in the said Incentive.
3. **Understanding.** The following understandings have been made between the Parties:
  - 3.1 Promo Period: From 1<sup>st</sup> of August 2014 to 31<sup>st</sup> of January 2015
  - 3.2 Awarding: Monthly, exact date to be confirmed later on.
  - 3.3 The account officer of cooperative (“**Front liner**”) must register and qualify to avail the incentive prior to the promo period. (Registration form will be distributed by MCDC)
  - 3.4 Front liner must be a cooperative member and MCDC pinoy ATM card holder
  - 3.5 Front liner must have an android phone with active MCDC mobile banking application
  - 3.6 Front liner must submit the acquisition daily report (please see attached form template) via email or fax to MCDC with full name, mobile number of the account holder, signature, date and time of activation for each activation per day.

- 3.7 To qualify for the incentives, a Front liner must reach 1,500 qualified mobile activations within the promo period, qualified mobile activation is defined as the user downloading, activating the MCDC mobile application followed by at least any one balance inquiry within the day.
- 3.8 Incentives per front liner/account officer and cooperative:
- 3.8.1 For every 1500 above qualified mobile activation in a month, the front liner gets 4 pesos per activated user, equivalent to P6,000, while the cooperative gets 6Pesos per activated user equivalent to P9,000.
- 3.8.2 Falling below 1,500 but not lower than 500 per month, the front liner, gets 2 pesos per activated user; while the cooperative gets P3.
- 3.9 MCDC shall be in charge of the daily monitoring and reporting of the activations per front liner. The weekly report shall be submitted to TelUPay and reviewed by both Parties at end of each month during the promo period.
- 3.10 Incentives for validated qualified mobile activations shall be provided by TelUPay to the concerned front liner via credit to his/her MCDC ATM pinoy account at least 1 week after the confirmed awarding date.
4. This LOU shall be effective from signing date, July 25, 2014 until January 31, 2014, or until mutually extended by both Parties.
5. The Parties agree that any changes to be made, which shall affect the result or mechanics of the promo, shall be communicated, agreed upon, and documented as an addendum to this LOU.

Signed and agreed on July 25, 2014.

**MASS-SPECC COOPERATIVE  
DEVELOPMENT CENTER**

**TELUPAY (PHILIPPINES), INC.**

*/s/ Dennis Z. Santander*

*/s/ Rosarito D. Carrillo*

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Dennis Z. Santander  
Deputy CEO

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Rosarito D. Carrillo  
President and CEO

Witness by

*/s/ Jerry Mocorro*

*/s/ Marlon Portugal*

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Jerry Mocorro  
ICT Manager

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Marlon Portugal  
Business Development Manager

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