



# Market Announcement

22 July 2020

---

## iSignthis Ltd (ASX: ISX)

### Update on status of ASX Directions

This announcement is published by ASX Limited (“ASX”), a licensed market operator, in the performance of its obligations under the Corporations Act 2001 (Cth) and its powers, functions and obligations under the ASX Listing Rules.

The purpose of this release is to update the market on the status of ISX’s compliance with directions given to it by ASX, and other matters relating to the ongoing suspension of ISX’s shares, to ensure the market operates in a fair, orderly and transparent way by correcting a lack of information, or misinformation, in the market in relation to those matters.

#### ASX Directions

On 1 May 2020, ASX issued a number of directions to ISX to address certain matters set out in ASX’s Statement of Reasons dated 30 April 2020 (“Directions”). A copy of the Directions is attached.

ASX provides the following updates in relation to ISX’s compliance with the Directions.

Direction 1 required ISX to issue announcements to the market in relation to the Variation Letter and the Nona Agreement. ISX has issued the required announcements to the market in relation to the Variation Letter<sup>1</sup> and the Nona Agreement<sup>2</sup> and accordingly ASX considers that ISX has satisfied Direction 1.

Direction 3 required ISX to include the information referred to in that direction in each quarterly activity report it gives to ASX under listing rule 4.7C. ISX has issued to the market an updated Appendix 4C for the quarter ended 31 March 2020<sup>3</sup> and so ASX considers that ISX has satisfied Direction 3. ISX will need to continue to satisfy this direction in relation to future quarterly activity reports it is required to lodge under listing rule 4.7C.

Direction 2 required ISX to engage an independent expert acceptable to ASX:

- to review ISX’s policies and processes to comply with listing rule 3.1; and
- to assess each contract entered into since 1 January 2018 (other than the Key Contracts) to determine whether any additional contracts should have been disclosed under listing rule 3.1.

ISX chose two partners from Clayton Utz to act as the independent expert (“Independent Expert”) and ASX confirmed that those partners were acceptable to ASX.<sup>4</sup>

On Friday 17 July 2020, ISX provided a copy of the Independent Expert’s Report to ASX. The report was not for release to the market or for distribution to third parties.

The Independent Expert’s Report set out the scope of review undertaken by the Independent Expert, as agreed between ISX and the Independent Expert (“Agreed Scope”). ASX was not provided with the Agreed Scope until the final report was provided to ASX on Friday 17 July 2020.

---

<sup>1</sup> See <https://www.asx.com.au/asxpdf/20200520/pdf/44hz0vikf090nd.pdf>.

<sup>2</sup> See <https://www.asx.com.au/asxpdf/20200520/pdf/44hz0sfcmw06v.pdf>.

<sup>3</sup> See <https://www.asx.com.au/asxpdf/20200515/pdf/44hvtppv70yh2g.pdf>.

<sup>4</sup> See <https://www.asx.com.au/asxpdf/20200519/pdf/44hybwt46q2hz9.pdf>.

Following ISX's failure to respond properly to query letters issued by ASX in relation to (among other things) ISX's arrangements with Visa dated 7 May 2020<sup>5</sup> and certain shareholder requisitions dated 15 June 2020,<sup>6</sup> on 18 June 2020, ASX sought clarification from the Independent Expert that they were giving consideration to those matters under the first limb of the review noted above. The Independent Expert confirmed on 18 June 2020 that those examples were being assessed as part of their general review of the policies and processes of ISX for complying with listing rule 3.1.

Following receipt of the Independent Expert's Report, ASX asked a number of questions of the Independent Expert to clarify whether the Agreed Scope complied with Direction 2. Those questions primarily related to:

- the scope of review of the contracts, including, whether the approach of reviewing only a sample of contracts satisfied the direction to assess each contract;
- the scope of review of ASX announcements generally and, in particular, the scope of review of ISX's disclosures relating to Visa in light of the statement in the Executive Summary that the review of announcements was "in relation to contracts only";
- the assumptions and qualifications contained in the full Independent Expert's Report, which limit the scope of review by the Independent Expert; and
- the sources of information relied on by the Independent Expert as set out in the full Independent Expert's Report, which are also expressed to limit the scope of review by the Independent Expert.

The Independent Expert provided responses to those questions on Monday 20 July 2020. ASX has today asked a follow-on question of the Independent Expert in relation to the scope of their review, in particular, in relation to their review of ISX's disclosures in relation to Visa.

Direction 2 also requires ISX to "release to the market, the findings of, and any changes ISX proposes to make to its compliance policies and processes in response to, the review".

ISX sought to release a copy of the Executive Summary of the Independent Expert's Report on the ASX market announcements platform. ASX notes ISX's view that the Executive Summary contains the "findings" of the Independent Expert. ASX does not agree with this view. ASX considers that the Independent Expert's Report contains findings that are not addressed in the Executive Summary. One example only, as previously advised to ISX, is section 9 "Review of Announcements – findings and recommendations", which contains a number of findings, including in relation to the Visa disclosures, which, in ASX's view, are not addressed in the Executive Summary.

On Monday 20 July 2020, ISX released to the market an announcement outlining the changes it proposes to make to its compliance policies and processes in response to the review.<sup>7</sup> ASX considers that ISX has currently satisfied this component of Direction 2.

Until the outstanding matters noted above are resolved, ASX is not satisfied that ISX has complied with Direction 2.

#### **Escrow**

ASX has also advised ISX that an additional condition to any consideration of whether it is appropriate for ISX's shares to be reinstated to official quotation is:

*"acceptable measures are put in place so that the current holders of the Milestone Shares (other than those who were bona fide purchasers for value of those shares on-market) are not able to sell them for a*

---

<sup>5</sup> Available at <https://www.asx.com.au/asxpdf/20200525/pdf/44j2zvhw5krw6.pdf>.

<sup>6</sup> Available at <https://www.asx.com.au/asxpdf/20200617/pdf/44jq13l442vbbn.pdf>.

<sup>7</sup> See <https://www.asx.com.au/asxpdf/20200720/pdf/44kntv2yhzqrc8.pdf>

*reasonable period while ASIC has an opportunity to pursue its investigations and to determine whether it wishes to take action against those involved in the issue of the Milestone Shares.”<sup>8</sup>*

The current status in relation to the escrow proposal is as set out in ASX’s Market Announcement dated 18 June 2020.<sup>9</sup> ISX has not addressed the outstanding matters set out in that announcement and accordingly ASX is unable to progress the escrow proposal.

ASX also notes that it has consistently advised that it would consult with ASIC in relation to any proposal put to it by ISX concerning its reinstatement to quotation. This would include confirming with ASIC that the terms of any proposed escrow arrangement and announcement were acceptable to it.<sup>10</sup>

### **Continuing suspension**

ASX has also advised ISX on several occasions that:

*“any decision by ASX to reinstate ISX’s shares to quotation will, in the usual way, be conditional on ASX being satisfied at the time that ISX is in material compliance with its obligations under the listing rules (including, in particular its continuous and periodic disclosure obligations in chapters 3 and 4, and its ongoing obligations in chapter 12) and that it is otherwise appropriate to do so.”*

Without limitation, in considering whether it is appropriate to reinstate ISX’s shares to quotation, ASX will have regard to the following further breaches of the listing rules which have not been rectified by ISX:

- ISX’s breach of listing rule 18.7 for failing to provide a satisfactory response to ASX’s query letter regarding ISX’s disclosures in relation to its arrangements with Visa (see ASX’s Market Announcement dated 25 May 2020)<sup>11</sup>; and
- ISX’s breach of listing rule 18.7 for failing to provide information requested by ASX in relation to certain shareholder requisitions (see ASX’s Market Announcement dated 17 June 2020).<sup>12</sup>

### **Issued by ASX**

---

<sup>8</sup> Available at <https://www.asx.com.au/asxpdf/20200430/pdf/44hfmwr6m44dx6.pdf>

<sup>9</sup> Available at <https://www.asx.com.au/asxpdf/20200618/pdf/44jrgfl5zxc2f.pdf>.

<sup>10</sup> Available at <https://www.asx.com.au/asxpdf/20200430/pdf/44hfmwr6m44dx6.pdf>

<sup>11</sup> Available at <https://www.asx.com.au/asxpdf/20200525/pdf/44j2zvhwd5krw6.pdf>.

<sup>12</sup> Available at <https://www.asx.com.au/asxpdf/20200617/pdf/44jq13l442vbbn.pdf>.



1 May 2020

Mr Timothy Hart  
Chairman  
iSignthis Ltd  
456 Victoria Parade  
East Melbourne VIC 3002

By email

Dear Mr Hart

**iSignthis Ltd ('ISX'): Directions**

ASX Limited ('ASX') refers to its letter to you dated 13 March 2020 enclosing its finalised Statement of Reasons ('Statement of Reasons').

Capitalised terms used in this letter have the same meaning as given in the Statement of Reasons.

Sections 12.2 and 12.4 of the Statement advised that ASX intended to make directions to ISX under Listing Rule 18.8 in relation to the matters noted in those paragraphs as soon as it was able to.

Following yesterday's decision by the Federal Court to refuse the injunctive relief sought by ISX in the Interlocutory Application, ASX is now in a position to issue those directions.

Accordingly, ASX now gives ISX the following directions:

1. In accordance with Listing Rules 18.8(a) and (b), ASX directs ISX to make an announcement to the market, satisfactory to ASX, with information as to whether Authenticate BV subcontracted some or all of its responsibilities under the Variation Letter and the Nona Agreement to third party contractors and, if so, what services were provided by the third party contractors and what fees were charged by those contractors to Authenticate BV.
2. In accordance with Listing Rule 18.8(l), ASX directs ISX to engage an independent expert, acceptable to ASX, to review its policies and processes to comply with Listing Rule 3.1 and to release to the market the findings of, and any changes ISX proposes to make to its compliance policies and processes in response to, the review. The review should also assess each contract that ISX has entered into since 1 January 2018 (other than the Key Contracts) to determine whether or not a reasonable person would have expected information about the contract to affect the price or value of ISX's shares and, if so, whether ISX has disclosed the matters set out in section 4.15 of GN 8 in relation to that contract. To the extent it hasn't, ISX will be expected to make corrective disclosure and, if it does not, ASX will give a further direction under Listing Rules 18.8(a) and (b) that ISX do so.
3. In accordance with Listing Rules 18.8(a) and (b), ASX directs ISX to include in each quarterly activity report it gives to ASX under Listing Rule 4.7C, commencing with its quarterly activity report for the quarter ended 31 March 2020, a breakdown by sector of the revenue ISX has derived from customers during the applicable quarter, divided into the following sectors:
  - Options/CFDs/FX
  - Crypto/digital currency
  - Online gambling
  - Online video gaming
  - Credit providers
  - Travel services
  - Other

---

Please provide to ASX at the earliest opportunity for ASX's approval:

- a draft of the market announcement referred to in direction 1 above; and
- the name of an independent expert to conduct the review referred to in direction 2 above.

To assist ISX to find an independent expert acceptable to ASX to conduct the review referred to in direction 2, ASX advises that it will not accept HWL Ebsworth as independent for these purposes, given its representation of ISX in relation to the Statement of Reasons and associated matters. ASX will accept a corporate partner experienced in ASX listing rule matters from any of the following major law firms in Australia: Allens, King & Wood Mallesons, Gilbert + Tobin, Ashurst, Clayton Utz, Minter Ellison, Allen & Overy, Baker McKenzie, Corrs Chambers Westgarth, Johnson Winter & Slattery and Norton Rose Fulbright (noting that Herbert Smith Freehills represent ASX in this matter).

Please also note that direction 3 above will require ISX to reissue its quarterly activity report for the quarter ended 31 March 2020 published on MAP on 29 April 2020 to include the information set out in that direction. Please attend to this at the earliest opportunity.

ASX requires ISX to immediately disclose the contents of this letter to the market, failing which ASX reserves the right to release this letter to the market under Listing Rule 18.7A.

If you have any enquiries in relation to this letter, please contact me.

Yours sincerely



---

**Kevin Lewis**  
Chief Compliance Officer, ASX Limited