

Letter to Shareholders : Melbourne, 6th February 2020
Subject : The Age and The Sydney Morning Herald (SMH) Articles 5th February 2020
(Dankert / Kruger)

Dear Shareholder,

ISX has made it clear multiple times that it does not offer services to unlicensed binary operators who target Australians.

ASIC's win yesterday in Federal Court is a win for the sector as well as ISX, as unlicensed operators drag licensed operators, unsuspecting customers and their suppliers (such as ISX & the banks) down.

This judgment actually strengthens ISX's business case, as a further source of illegal traffic is shut down, with a clear message sent by the court.

What the SMH/Age do not appear to want to understand is that money laundering cartels and criminals are principally defeated by a strong customer due diligence (aka 'KYC') and transaction monitoring regime. The 'KYC' service ISX offers to licensed AFSL holders is provided in order to help AFSL holders to meet their compliance requirements. A strong AML regime that includes KYC technology such as Payidentity™ protects the community from money laundering issues.

Without a strong AML regime, paedophiles and drug cartels get access to the global banking network.

CBA, NAB, Westpac, Bendigo, Citibank, Allianz Metro were all defendants in the court action referred to in the Age/SMH story.

Yet ISX, who doesn't get a mention anywhere in this case, and yet is featured more prominently in the headline "*ASIC win could be a blow to iSignthis, banks*", than three of Australia's largest banks, who were actual named defendants in the case.

For those that are curious and looking for any link to ISX in the aforementioned case, the full judgment is attached to my LinkedIn Post below (Federal Court Reference VID848 of 2016).

https://www.linkedin.com/posts/njkarantzis_judgment-davies-j-federal-court-vid848-activity-6630707929714647040-jGKP

We also remind our friends in the media that licensing, and enforcement is the jurisdiction of ASIC. ISX relies upon ASIC enforcing the law, and, as I had said hours earlier in my LinkedIn post, we welcome ASIC prosecuting illegal operators.

I also attach our 4C again from last week, in case the media missed it on Friday.

<https://www.asx.com.au/asxpdf/20200131/pdf/44dpq29bxtrsd0.pdf>

ISX provide a valuable service to the community with our KYC service, which we believe would have defeated both Westpac and CBA money laundering issues at their source.

Thanking you for your continuing support.

Yours faithfully (and authorised by)



N J Karantzis

Managing Director