

## Client Assurances

Corpay understands that the security of our customers' funds is a vital component of our relationship with every customer, as well as our regulators. At Corpay we always ensure to meet the applicable regulatory standards in protecting any money you have entrusted us with.

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Firms which are authorized and regulated in their respective countries must ensure compliance with all applicable legislation, codes, guidelines, and obligations on an ongoing basis.

Applicable government authorities in the US stipulate that licensed Money Service Businesses (MSBs) must have appropriate and well-managed safeguarding arrangements to ensure an MSB's customer funds are not subject to any undue claim and that in the event of insolvency, are returned to the customer in full, and in a timely and orderly way.

Cambridge Mercantile Corp. (U.S.A.) dba Corpay operates in the USA as a licensed MSB registered with FinCEN as a dealer in foreign exchange and a money transmitter.

We have prepared this document for our clients to review and consider before placing any money in the form of client funds with us in order to:

- Explain certain key features of the relevant Regulations;
- Provide you with information on our arrangements for safeguarding your client funds; and
- Set out key risks relating to your client funds.



## Purpose and methodology of Client Money Protection

Corpay uses surety bonds as a form of insurance to safeguard clients' funds using the standard quarterly calculations of Average Daily Transmission Liability ("ADTL") applicable to US-based MSBs.



## What are client funds?

Client funds include;

- Any money, to which you are beneficially entitled, which we have received from you or on your behalf. It includes bank transfers paid to us.
- There is no limit to the amount of client funds that can be safeguarded and protected, unlike with a bank where funds deposited are only protected by FDIC (Federal Deposit Insurance Corporation) insurance up to USD\$250,000.00. With Corpay, any amount of ADTL-relevant funds held will be safeguarded.



## How are client funds held?

Your client funds will be held in a pooled account with surety bond protection pursuant to ADTL. Under a pooled arrangement, client funds of more than one client are held in the same account. The pooled account will be opened and maintained only with eligible credit institutions. Client funds are protected by rules laid out in the relevant Regulations which include obligations relating to the segregation of client funds from the firm's own funds, accurate record keeping, regular reconciliations between the firm's records and those of the eligible credit institutions and due diligence on the credit institutions where we place client funds to ensure they are of sufficient financial strength.



## The circumstances in which ADTL safeguarding of client funds applies and does not apply

### Do apply:

- To money belonging to you and received by us in respect of activities which are covered under the relevant regulations. This would apply, for example, to funds a US-based customer sends Corpay in order to facilitate settlement of foreign exchange contracts, or make payments to a customer's beneficiary.
- Once a bank transfer is received by us except where it is payable to a third party and transmitted by Corpay to that party.

### Do not apply:

- When your funds have been received by us in respect of activities which are not covered under the relevant regulations.
- Where funds are transferred to us or are appropriated by us in accordance with the agreed terms of business to discharge your liability to us (for example, where you default on your obligation to settle a transaction with us, we will appropriate funds we hold as client funds to the extent required to discharge your liability without prejudice to our other rights under the terms of business).
- Where we have completed a payment of the client funds to you, or to a third-party beneficiary nominated by you by written instruction to us.

Transactions in respect of the client safeguarding account will only be undertaken based on an instruction from us and pursuant to our terms of business with you.

Corpay in selecting relevant credit institutions to hold client funds on behalf of its clients undertake an assessment, at least biannually (once every two years), covering:

- The institution's credit standing having reference to external credit ratings (where available);
- Known service levels for the institution (where we have past experience with the institution);
- What your rights would be if the relevant financial institution were to fail.





## What are the main risks or limitations to safeguarding client assets?

While obligations are imposed on MSBs to take measures to protect client money pursuant to ADTL, it does not absolutely guarantee the value of the client funds.

- **Default risk:** Risk that the credit institution at which client funds are held becomes insolvent or otherwise fails and defaults on its obligations.
- **Operational risk:** Risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.
- **Risk of fraud:** Relates to intentional deception made for personal gain or to damage another individual.
- **Risk of pooling:** There is a risk that one client's funds will be temporarily used to fund another client's transactions; that Corpay fails to appropriately implement accounting segregation or that the pool may have a deficit.



## Controls in place to mitigate risk

Corpay minimizes these risks through its systems and controls including;

- Undertaking due diligence and risk assessments of institutions with whom client funds are held;
- Undertaking due diligence and risk assessments of insurer that underwrites the ADTL surety bonds used by Corpay to arrive at high confidence that the insurer can and will pay out if necessary;
- Ensuring adequate oversight of client funds is maintained through documented procedures and controls to minimize the risk of loss for clients;
- Undertaking daily reconciliations of our records and the records of client funds with the credit institution and quarterly ADTL calculations of the client money held for clients as per our records with the applicable credit institutions;
- Ensuring that we have adequate controls on who can authorize payments from the client safeguarding accounts; and
- As a regulated entity, we are subject to close scrutiny and review by our regulators to ensure that we have met our regulatory requirements, including detailed requirements in place with regard to the safeguarding of client funds.

Clients should be aware that the information set out in this document in relation to the application of safeguarding requirements by Corpay, when it applies and how client funds are determined and dealt with by Corpay, is not exhaustive. If you have any questions please do not hesitate to call your normal Corpay contact.