

PROPOSAL

**REGARDING ESTABLISHMENT THE PAYMENT
INSTITUTION IN ESTONIA**

Please find below our preliminary vision of the scope of legal services required in relation to the establishment of the payment institution in Estonia (the **Project**).

PROJECT SCOPE

We understand that the Client intends to establish an Estonian company and obtain a full payment institution licence.

1. ASSIGNMENT I: PREPARATORY STAGE

The Client together with the help and guidelines provided by us prepares presentation on the intended business model and presents it to the Financial Supervision Authority (FSA) of the Republic of Estonia. This presentation should cover (i) description of the intended business model, (ii) features of the financial services/ products, (iii) target clients and markets, (iv) ownership structure and management, (v) sources of funds.

Aim of this stage:

- to show financial capability of the Client and duly address all financial matters before submitting application for the licence;
- to establish working relationships with the FSA. This could help within up-coming Project stages.

Diamont will take care of follow-up questions after the meeting with the FSA and will receive the feedback after presentation to the FSA.

2. ASSIGNMENT II: ESTABLISHMENT OF A COMPANY

No	ACTIONS / DOCUMENTS	RESPONSIBLE PARTY
1.	Drafting bilingual corporate documents necessary for the establishment of a company in Estonia: (i) Founding Act / Agreement. (ii) Articles of Association. (iii) Decision of the Supervisory Board regarding election of its Chairman and the Management Board. (iv) Decision of the Management Board regarding election of its Chairman and the Managing Director. (v) Consent regarding use of legal address of the registered office. (vi) Power(s) of Attorney to represent the founder(s) of the company to be established as well as the company itself.	The Client provides all the necessary information under Diamont request and Diamont prepares draft documents
2.	Opening an accumulative bank account necessary for the company to be established.	The Client provides all the necessary information under Diamont request and Diamont submits the applications to the commercial bank

3.	Obtaining a certificate from the commercial bank where the accumulative bank account is opened on the formation of the share capital.	Diamont when the Client forms the share capital of the company
4.	Certification of the corporate documents necessary for the company's establishment by the Notary Public.	Diamont
5.	Submitting certified documents to the Register of Legal Entities and registration of the company.	Diamont
6.	Registration of the shareholder(s) of the company in the Information System of Participants of the Legal Persons.	Diamont

3. THE ASSIGNMENT III: OBTAINMENT OF THE FULL PAYMENT INSTITUTION'S LICENCE

No	ACTIONS / DOCUMENTS	RESPONSIBLE PARTY
1.	Documents necessary to be prepared/ arranged for the obtainment of a full payment institution's licence:	
	(i) Application for a full payment institution's licence.	Diamont and the Client in cooperation
	(ii) Comprehensive operational program of payment institution prepared in accordance with requirements set by the regulator. Diamont prepares the list of requirements for the comprehensive operational program. The Client prepares the operational program based on the provided instructions. Diamont reviews whether the prepared operational program complies with Estonian laws and covers requirements set by the regulator. Usually it is a part of business plan of payment institution.	The Client and Diamont in cooperation
	(iii) Business plan of payment institution prepared in accordance with requirements set by the regulator. Diamont prepares the list of such requirements for the business plan and provides business plan draft. Diamont reviews whether the prepared business plan complies with Estonian laws and covers requirements set by the regulator.	The Client and Diamont in cooperation
	(iv) Explanations on the selected minimal capital requirement and the selected calculation method of minimal capital requirement. Diamont prepares instructions for such explanations. Diamont prepares explanations based on the provided instructions.	The Client in cooperation with Diamont
	(v) Description of all intended protection measures of the funds received from the users of payment institution's services. Diamont prepares this description after receiving the requested information from the Client.	Diamont and the Client in cooperation

	<p>(vi) Comprehensive descriptions of payment institution's (a) organisational structure, (b) management system, (c) risk management system, (d) internal control system, (e) internal audit and (f) IT system prepared in accordance with requirements set by the regulator. Diamont prepares the list of such comprehensive descriptions. The Client prepares such comprehensive descriptions. Diamont reviews whether the prepared comprehensive descriptions comply with Estonian laws and covers requirements set by the regulator. Usually it is a part of the business plan of the payment institution.</p>	<p>The Client and Diamont in cooperation</p>
	<p>(vii) Rules on Anti-money laundering.</p>	<p>Diamont and the Client in cooperation</p>
	<p>(viii) Management questionnaires and documentation. Diamont prepares the English form of the management questionnaire and reviews after it is filled by the Client. Documents proofing education gained to be attached to the questionnaires.</p>	<p>The Client and Diamont in cooperation</p>
	<p>Non-criminal certificates and certain other documents to be attached to the questionnaires.</p>	
	<p>(ix) Shareholders' questionnaires and documentation. Diamont prepares the English form of the shareholder's questionnaire and reviews after it is filled by the Client. Tax declarations for the last three years of direct and indirect shareholders and certain other documents to be attached to the questionnaires. Non-criminal certificates to be attached to the questionnaires.</p>	<p>The Client and Diamont in cooperation</p>
	<p>(x) Internal assessment report of the company regarding suitability of selected persons to hold office of the managing director, members of the Managing Board and members of the Supervisory Board. Diamont prepares this description after receiving the requested information from the Client. Please note that this report is not required by the laws but in our practice the applicant was requested to provide additional explanations regarding selected persons and we would tend to submit it with the application to avoid any possible delays.</p>	<p>Diamont and the Client in cooperation</p>
	<p>(xi) Complaint handling policy (necessary under the law but not mandatory to provide during the licencing procedure).</p>	<p>Diamont</p>
	<p>(xii) A description of the procedure in place to monitor, handle and follow up a security incident and security related customer complaints, including an incidents reporting mechanism.</p>	<p>The Client and Diamont in cooperation</p>
	<p>(xiii) A description of the process in place to file, monitor, track and restrict access to sensitive payment data.</p>	<p>The Client and Diamont in cooperation</p>
	<p>(xiv) Description of business continuity arrangements including a clear identification of the critical operations, effective contingency plans and a procedure to regularly test and review the adequacy and efficiency of such</p>	<p>The Client</p>

	plans.	
	(xv) A description of the principles and definitions applied for the collection of statistical data on performance, transactions and fraud.	Diamont and the Client in cooperation
	(xvi) A security policy document, including a detailed risk assessment in relation to its payment services and a description of security control and mitigation measures taken to adequately protect payment service users against the risks identified, including fraud and illegal use of sensitive and personal data.	Client
2.	Coordination of the process and liaising with the FSA during the all period until the Assignment III is completed, except otherwise is indicated in this proposal.	Diamont
3.	Provision of additional answers to the regulator's follow-up questions as well as amending prepared documents and/ or providing additional documents, if these questions, necessary amendments and/ or additionally requested documents are due to the prepared documents of Diamont or due to amendments/ supplement made by Diamont to documents prepared.	Diamont

PRELIMINARY **TIME** SCHEDULE

We envisage the following preliminary time schedule for the Project:

Tasks	Month					
	1	2	3	4	5	6
Assignment I						
Assignment II						

Assignment III						
-----------------------	--	--	--	--	--	--

This preliminary Project schedule was prepared on the basis of our previous experience, the specifics of the Project and on the assumption that the necessary human resources of the Client are in place co-operating promptly and reasonably with the Diamont project team, and that the project team receives all necessary documentation and information without delay.

Taking into account the complexity of the Project, we would apply the following fixed budgets for each particular assignment:

Assignments:	Fixed fee (EUR)
Assignment I + II + III	100 000

The above estimates are based on the assumptions indicated throughout this proposal, including those listed below. If any of these assumptions do not hold, we may have to revise fixed fees and / or other estimates. The above fixed fees and estimates are prepared based on the following assumptions:

- The opening of accumulative account of the company does not include opening of a regular (settlement) bank account (or conversion from accumulative to settlement bank account).
- Diamont does not provide general comments and explanations about the company law regulation, employment law regulation, payment services regulation, payment institution regulation, passporting of licence regulation or any other regulation which are not related to the execution of the above determined assignments.
- As significant changes of the legal acts implementing Payment Service Directive II (the **PSD2**) will shortly be introduced, the scope and timeframe of the Project might slightly fluctuate.
- The fee estimates do not include the application to the Coordination Commission of the Protection of Objects of National Security, in case it is requested by the FSA of Estonia.
- Fee estimates do not include VAT

Payment terms

100 000 EUR prepayment + 50 000 EUR performance fee (payable after license is issued).

NB! 100 000 EUR prepayment is non-refundable.