

**MERCHANT AGREEMENT**

entered into by and between

**CGRATE ZAMBIA LIMITED** (Registration number: 97905)

("cGrate")

and

[ (Registration number: )]

**"Merchant"**

(collectively, "**the Parties**")

## 1. DEFINITIONS

In this Agreement, the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –

- 1.1. **"543 Account"** means the Merchant's trading account held by cGrate;
- 1.2. **"Cash Deposits"** means a service that allows Merchants to receive funds from customers and credit them into bank accounts and wallets through the cGrate platform.
- 1.3. **"Merchant Payments"** means a service that allows Merchants to receive funds from customer bank accounts and wallets through bank cards and mobile money and credits the funds into the Merchant's 543 account
- 1.4. **"Stock"** means the electronic float which the Merchant is authorised to use pursuant to the provisions of the 543 Service
- 1.5. **"Agent Loans"** means a service that allows Merchants to borrow Stock for a specific fee for a specific period
- 1.6. **"543 Service"** means the electronic technology platform that enables the Merchant to sell Stock and other vouchers of value, to facilitate payment of utility bills, process Cash Deposits, Merchant Payments, Agent Loans and to provide the Cash-Out Service;
- 1.7. **"Agreement"** means this Merchant Distribution Agreement, together with all of its annexures and appendices, as amended, novated and/or replaced from time to time in accordance with its terms;
- 1.8. **"Commission"** means a set percentage earning due to the Merchant pursuant to performing the 543 Service as determined by cGrate from time to time and published on <http://cgrate.co.zm>;
- 1.9. **"Equipment"** means the POS devices and any other related equipment;
- 1.10. **"POS"** means Point of Sale;
- 1.11. **"POS Machine Purchase Price"** means the price of the POS machine as published on <http://cgrate.co.zm> from time to time.
- 1.12. **"Rented Equipment"** means the Equipment rented out to the Merchant by cGrate; and

## 2. APPOINTMENT

cGrate hereby appoints the Merchant, on a non-exclusive basis, who accepts the appointment, to provide the Cash-Out Service and to market, distribute and sell the Stock and various other vouchers of value using the 543 Service.

## 3. UNDERTAKINGS BY cGRATE

- 3.1. cGrate undertakes to:
  - 3.1.1. provide to the Merchants with the 543 Service;
  - 3.1.2. calculate and settle the Merchant's Commission without deduction of value added tax (VAT) on the 7<sup>th</sup> of month following the month of accruing Commissions;
  - 3.1.3. provide the Merchant with any and all marketing material to allow the Merchant to advertise and otherwise market the 543 Services, in accordance with cGrate's instructions;
  - 3.1.4. maintain relationships with service providers such that different the service providers' services can be traded using the 543 Services.
  - 3.1.5. Provide the Merchant with Agent loans under the following terms
    - 3.1.5.1. Loan amounts to be repaid within five(5) days of issue
    - 3.1.5.2. Merchant to pay an issuance fee as published on <http://cgrate.co.zm> from time to time
    - 3.1.5.3. Any amounts overdue will be levied a new issuance fee equivalent to the issuance fee of the balance amount grouping

3.1.5.4. cGrate reserves the right to report any overdue loans to Zambia Credit Reference Bureau

- 3.2. Notwithstanding clause 3.1.4 above, cGrate reserves the right, in its sole and absolute discretion, to add or remove any service providers and/or their respective services from the 543 Services.
- 3.3. Notwithstanding clause 3.1.2 above, cGrate reserves the right, in its sole and absolute discretion, to deduct commissions for the 543 Services for activities deemed fraudulent, money laundering, splitting of transactions and acts of gaming as determined by the Bank Of Zambia from time to time.
- 3.4. Hold funds for the Merchant in the 543 account in Trust as per Bank Of Zambia guidelines
- 3.5. Credit the Merchant with funds received under the timelines in Annexure A below

#### 4. **UNDERTAKINGS BY MERCHANT**

The Merchant undertakes to:

- 4.1. at all times, use all reasonable commercial endeavours to market, distribute, and the 543 Services
- 4.2. promote the supply by cGrate of the 543 Service in the Republic of Zambia and that it shall not do or omit to do anything which could reasonably be regarded as inconsistent with this obligation;
- 4.3. use the 543 Services only for the intended purpose accordance to this Agreement and not to do anything that damages the good name and reputation of cGrate and the 543 Service in the fulfilment of its obligations under this Agreement; and
- 4.4. act in strict accordance with the instructions and directions provided and standards set by cGrate, from time to time, regarding advertising, promotions (including promotional items) and publicity in relation to the subject matter of this Agreement.
- 4.5. refrain from fraudulent activities, acts of gaming, and splitting transactions
- 4.6. report and reject suspicious money laundering activities

#### 5. **543 ACCOUNT AND TRADING OF STOCK**

- 5.1. Merchant shall maintain a 543 Account through which all of the Merchant's trading activities in respect to the 543 Service shall be conducted.
- 5.2. The Merchant shall place an order for Stock with cGrate and simultaneously pay the equivalent cash consideration, either by means of direct deposit or electronic funds transfer (EFT), without set-off or deduction and free from any bank fees and charges, into cGrate's nominated bank account.
- 5.3. Following the payment contemplated in 7.2 above, cGrate shall credit the Merchant's 543 Account and use its reasonable endeavours to make Stock available to the Merchant within forty-eight (48) hours after the receipt of confirmation of the full payment for the order, but will have no liability to the Merchant or any third party, as a result of any delays in or non-delivery of any such Stock orders.

#### 6. **POS SALES TARGETS**

- 6.1. The Parties agree that each POS device will have a minimum **Revenue** target of K500 (five hundred Kwacha) or as otherwise agreed to by the Parties from time to time, ("**POS Target**").
- 6.2. cGrate reserves the right to recall all Rented Equipment in the event that the Merchant fails to meet its POS Target.

#### 7. **DURATION**

This Agreement shall commence on the date of signature hereof and remain in force for 12 months or until terminated by either Party in accordance with this Agreement. Notwithstanding any other provisions in this Agreement, cGrate reserves the right to terminate this Agreement by giving the Merchant one (1) month's written notice of such termination.

#### 8. **OWNERSHIP AND TITLE OF RENTED EQUIPMENT**

- 8.1. Ownership and title of the Rented Equipment shall at all times vest in cGrate, and nothing herein shall be construed to indicate otherwise.
- 8.2. cGrate warrants good title to the Rented Equipment, and that there are no retention of title or rights with respect to such Rented Equipment.

9. **CARE OF THE RENTED EQUIPMENT**

- 9.1. The Merchant shall take full responsibility for the care and maintenance of the Rented Equipment from any such date that such Rented Equipment is in its custody.
- 9.2. In the event of any damage, destruction or loss occurring to the Rented Equipment whilst in its custody, the Merchant shall pay for the POS Machine Purchase Price as replacement of the Rented Equipment.

10. **BREACH**

Should either Party ("**Defaulting Party**") commit a breach of any provision of this Agreement and fail to remedy such breach within ten (10) days after receiving written notice from the other Party ("**Aggrieved Party**") requiring the Defaulting Party to remedy such breach, then the Aggrieved Party shall, without prejudice to its other rights in law, be entitled to cancel this Agreement or to claim immediate specific performance of all of the Defaulting Party's obligations then due for performance, without prejudice to the Aggrieved Party's rights to claim damages.

11. **Termination**

Either Party can terminate agreement by giving the other party a one (1) month notice.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ the \_\_\_\_\_ day of \_\_\_\_\_

**As witnesses:**

**For:**

1

\_\_\_\_\_

\_\_\_\_\_

**cGrate Zambia Limited**

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\_\_\_\_\_

who warrants that he / she is duly authorised thereto.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ the \_\_\_\_\_ day of \_\_\_\_\_

**As witnesses:**

**For:**

1

\_\_\_\_\_

\_\_\_\_\_

**MERCHANT**

2

\_\_\_\_\_

**Annexure A**

<b>Service</b>	<b>Timeline</b>
Customer Cash Withdrawal	Real Time
Mobile Money Merchant Payment	Real Time
Card Payment	Maximum of 72 hours
Stock Load	Maximum of 48 hours