

ENFORCEABLE UNDERTAKING

Australian Securities and Investments Commission Act 2001

Section 93AA

The commitments in this enforceable undertaking are offered to the Australian Securities and Investments Commission (**ASIC**) by:

iExtend Holdings Company Pty Ltd
ACN 651 044 503
Suite 2303, Level 23, 25 Martin Place, Sydney NSW 2000

and

iExi Pty Ltd
ACN 654 132 813
Suite 2303, Level 23, 25 Martin Place, Sydney NSW 2000

(together, **Companies**)

1 Definitions:

In addition to terms defined elsewhere in this Enforceable Undertaking, the following definitions are used:

Acceptance Date means the date of acceptance by ASIC of the Enforceable Undertaking.

AFCA (short for the Australian Financial Complaints Authority) has the meaning given by section 761A of the Corporations Act.

AFS Licence means Australian Financial Services Licence.

ASIC means the Australian Securities and Investments Commission.

ASIC Act means the Australian Securities and Investments Commission Act 2001 (Cth).

Claims Handling and Settling Service has the meaning given by section 766G of the Corporations Act.

Companies means iExtend Holdings and iExi.

Co-Ownership Deed means an agreement entered into between iExi and a Policyholder during the Relevant Period known as a 'Life Insurance Co-Ownership Deed'.

Corporations Act means the *Corporations Act 2001* (Cth).

Dealing has the meaning given by section 766C of the Corporations Act.

Enforceable Undertaking means this court enforceable undertaking offered by the Companies and accepted by ASIC pursuant to section 93AA of the ASIC Act.

Financial Adviser means an individual who is authorised under an AFS Licence to provide personal advice to retail clients in relation to relevant financial products.

Financial Product has the meaning given by section 763A of the Corporations Act.

Financial Product Advice has the meaning given by section 766B of the Corporations Act.

Financial Service has the meaning given by section 766A of the Corporations Act.

iExi means iExi Pty Ltd (ACN 654 132 813).

iExtend or iExtend Group means iExtend Holdings and its related entities including iExi, iExtend Investments Pty Ltd (ACN 654 130 935), iExtend Services Pty Ltd (ACN 650 506 540) and iExtend Pty Ltd (ACN 643 948 681).

iExtend Holdings means iExtend Holdings Company Pty Ltd (ACN 651 044 503).

Life Policy has the meaning given by section 761A of the Corporations Act.

Licence Date means the date by which iExi (or any other company in the iExtend Group) may be granted an AFS Licence following an application for an AFS Licence being made in accordance with paragraph 6.2 of this Enforceable Undertaking.

Policyholder means a person to whom a Life Policy is issued or, if the rights of that person have been assigned under the *Life Insurance Act 1995* or transferred by operation of the Life Policy, the person who has those rights.

Relevant Period means 15 June 2021 to the Acceptance Date.

2 Background

2.1 ASIC's role:

- 2.1.1 Under section 1 of the ASIC Act, ASIC is charged with a statutory responsibility to perform its functions and to exercise its powers so as to promote the confident and informed participation of investors and consumers in the financial system.

2.2 The Companies' role:

- 2.2.1 iExtend Holdings is, and during the whole of the Relevant Period was:
 - i. a company incorporated under the Corporations Act; and

ii. the ultimate holding company of the iExtend Group.

2.2.2 iExi is, and during the whole of the Relevant Period was:

i. a company incorporated under the Corporations Act;

ii. a subsidiary of iExtend Holdings; and

iii. a party to each Co-Ownership Deed.

2.3 iExtend's primary business during the Relevant Period was acquiring interests ('co-ownership') in Policyholder's Life Policies.

2.4 To acquire that interest, iExi entered into Co-Ownership Deeds with Policyholders. In general terms, the effect of the Co-Ownership Deed is to:

2.4.1 entitle iExtend to receive a proportion of the benefit payable under the Policyholder's Life Policy;

2.4.2 require iExtend to pay some or all of the future insurance premiums payable in respect of the Policyholder's Life Policy; and

2.4.3 require the Policyholder to complete documentation in order to facilitate the transfer of legal title to the Life Policy to a custodian, who holds legal title to the Life Policy on trust for iExtend and the Policyholder.

2.5 Certain terms under the Co-Ownership Deed provided iExi and/or iExtend with:

2.5.1 the sole responsibility for dealing with and corresponding with the custodian and the life insurance company with respect to the Life Policy; and

2.5.2 the right to cease paying its share of insurance premiums, cancel the Life Policy or reduce the insured sum to nil at its discretion, provided that it provides 20 business days' notice to the Policyholder and an option to reclaim full ownership of the Life Policy.

2.6 During the Relevant Period, iExtend made promotional material about its offering available to both Financial Advisers and members of the public through various media, including its website.

3 ASIC's investigation

3.1 On 17 June 2022, ASIC commenced an investigation under section 13 of the ASIC Act as ASIC had reason to suspect, amongst other things, that iExtend may have carried on a financial services business in Australia without holding an AFS Licence and as a result contravened section 911A of the Corporations

Act.

4 ASIC's concerns

4.1 ASIC is concerned that iExtend may have contravened section 911A of the Corporations Act during the Relevant Period by carrying on a financial services business in Australia without holding an AFS Licence, by the following conduct:

4.1.1 dealing in Financial Products by:

- i. issuing Co-Ownership Deeds which ASIC considers to be Financial Products to Policyholders; and/or
- ii. arranging for Life Policies to be varied or disposed; and/or

4.1.2 providing information to Policyholders which ASIC considers to be general Financial Product Advice.

4.2 ASIC is also concerned that:

4.2.1 iExtend may at some time in the future be providing a Claims Handling and Settling Service; and

4.2.2 iExi may have failed to comply with obligations under the Corporations Act applicable to issuers of Financial Products and providers of Financial Product Advice, including in relation to disclosure.

5 Admissions by the Companies

5.1 The Companies acknowledge and admit to the conduct identified in paragraph 4.

6 Undertakings

6.1 Pursuant to section 93AA of the ASIC Act, the Companies offer, and ASIC agrees to accept as an alternative to ASIC commencing court proceedings, the undertakings in paragraphs 6.2 to 6.15 below.

Application for AFS Licence

6.2 The Companies undertake to, by a date not more than one month after the Acceptance Date, arrange for an application to be made by iExi (or any other company in the iExtend Group) for an AFS Licence seeking authorisations to carry on a financial services business (with respect to retail and wholesale clients) to:

6.2.1 Deal in a Financial Product by:

- i. issuing, applying for, acquiring, varying or disposing of a Financial Product in respect of the Co-Ownership Deed or any other form of deed, contract or arrangement pursuant to which iExi (or any other company in the iExtend Group) acquires an interest in a Policyholder's Life Policy.

6.2.2 Deal in a Financial Product by:

- i. varying and disposing of a Financial Product in respect of the following classes of Financial Products:
 - A. life products including:
 - i. investment life insurance products; and
 - ii. life risk insurance products;

6.2.3 provide general Financial Product Advice for the following classes of Financial Products:

- i. Financial Products limited to:
 - A. the Co-Ownership Deed or any other form of deed, contract or arrangement pursuant to which iExi (or any other company in the iExtend Group) acquires an interest in a Policyholder's Life Policy; and
 - B. life products including:
 - i. investment life insurance products; and
 - ii. life risk insurance products; and

6.2.4 provide a Claims Handling and Settling Service limited to;

- i. assisting another person to make a claim under an insurance product.

6.3 The Companies undertake that, from the Acceptance Date, they will not arrange for iExi (or any other company in the iExtend Group) to enter into any Co-Ownership Deeds (or other form of deed, contract or arrangement pursuant to which iExi (or any other company in the iExtend Group) acquires an interest in a Policyholder's Life Policy until such time that it is granted the AFS Licence referred to in paragraph 6.2 above or otherwise obtains ASIC's express written approval to do so.

- 6.4 Subject to paragraph 6.11 below, paragraph 6.3 above does not prevent the Companies from exercising any rights they have in respect of Co-Ownership Deeds entered into before the Acceptance Date.

Consumer Protection Measures

- 6.5 The Companies undertake that, they have done all things necessary to arrange for the relevant entity or entities within the iExtend Group to become, and undertake that they will remain, a voluntary member of AFCA until the License Date.
- 6.6 The Companies undertake, within two weeks of the Acceptance Date, to engage a suitably qualified law firm to conduct a review of and report to the Companies with respect to:
- 6.6.1 iExtend's dispute resolution processes;
 - 6.6.2 all of iExtend's promotional material which is accessible to Policyholders and/or provided to Financial Advisers;
 - 6.6.3 template Co-Ownership Deeds (or any other form of deed, contract or arrangement pursuant to which iExi (or any other company in the iExtend Group) acquires an interest in a Policyholder's Life Policy), and any other documents required to be executed by Policyholders;
 - 6.6.4 iExtend's policies and procedures for identifying and dealing with vulnerable persons; and
 - 6.6.5 iExtend's policies and procedures for identifying suitable Financial Advisers to introduce iExtend's product to their clients, including steps taken by iExtend to satisfy itself that those Financial Advisers understand the financial services offered by iExtend and that appropriate advice is provided to their clients with regard to the effect of the iExtend arrangement on their existing Life Policies.
- 6.7 The purpose of the review referred to in paragraph 6.6 above is for the law firm to prepare a report to the Companies setting out the firm's views as to whether the processes, promotional material, template and other documents, policies and procedures referred to in paragraph 6.6 comply with legal obligations that are imposed on AFS Licensees. The Companies' instructions to the law firm shall include that, if the firm's view is that any of the policies and procedures do not meet those standards, the firm recommend amendments to the policies and procedures to ensure they comply with those standards.

- 6.8 The Companies undertake, within two months of the engagement of the law firm referred to in paragraph 6.6 above, to provide ASIC with a copy of the report prepared by that law firm detailing the results of their review and any recommended actions to be taken by the Companies as a result of that review.
- 6.9 The Companies undertake, within one month of the provision of the report to ASIC referred to in paragraph 6.8 above, and to the extent that it is within the control of the Companies, to implement any recommended actions identified in the report.
- 6.10 The Companies undertake, within two months of the Acceptance Date, to engage with Policyholders to amend the terms of any Co-Ownership Deeds (which are currently in force) to allow for at least 60 days' notice to be provided before iExi exercises any rights to cease paying any premium (or part thereof) payable in respect of the relevant Life Policy.
- 6.11 The Companies undertake that until the date on which it has amended any Co-Ownership Deeds as required by paragraph 6.10, that iExi will not exercise any existing rights to cease paying any premium (or part thereof) payable in respect of the relevant Life Policy unless the Companies have provided the relevant Policyholder with at least 60 days' notice of the Companies' decision to exercise any such right.
- 6.12 The Companies undertake that within one month of the Acceptance Date they will:
- 6.12.1 send to each Policyholder who has entered into a Co-Ownership Deed, or is in the process of entering into a Co-Ownership Deed, a copy of this Enforceable Undertaking and an outline of the interim consumer protection measures implemented by the Companies pursuant to this Enforceable Undertaking;
 - 6.12.2 send to all Financial Advisers who have engaged with iExtend and completed the onboarding of Policyholders a copy of this Enforceable Undertaking and an outline of the interim consumer protection measures implemented by the Companies pursuant to this Enforceable Undertaking; and
 - 6.12.3 cause to be published on a prominent place on the home page of the iExtend website a notice that iExtend is unable, without ASIC's approval, to onboard new Policyholders pending compliance with this

Enforceable Undertaking, containing a link to this Enforceable Undertaking.

6.13 The Companies undertake that they will provide written confirmation to ASIC when the undertakings referred to in paragraphs 6.2 to 6.12 above have been complied with.

6.14 The Companies undertake that they are responsible for any costs of their compliance with this Enforceable Undertaking and that the Companies will not seek reimbursement of, contribution towards or otherwise directly or indirectly pass on the cost of compliance with this Enforceable Undertaking to any third party (including their clients).

6.15 The Companies undertake that they will provide any documents and information reasonably requested by ASIC from time to time relating to the Companies' compliance or non-compliance with the terms of this Enforceable Undertaking.

7 Acknowledgements

7.1 The Companies acknowledge that ASIC:

7.1.1 may issue a media release on execution of this Enforceable Undertaking referring to its terms and to the concerns of ASIC which led to its execution;

7.1.2 may from time to time publicly refer to this Enforceable Undertaking;

7.1.3 will from time to time publicly report about compliance with this Enforceable Undertaking;

7.1.4 will make this Enforceable Undertaking available for public inspection;

7.1.5 may issue a media release referring to the content of the report referred to in paragraph 6.7 above;

7.1.6 may from time to time publicly refer to the content of the report referred to in paragraph 6.7 above;

7.1.7 will make available for public inspection a summary of the content of the report referred to in paragraph 6.7 above, or a statement that refers to the content of that report.

7.2 ASIC acknowledges that it will not refer to any information from the report referred to in paragraph 6.7 above that:

7.2.1 consists of personal information of an identified natural person whose acts or omissions are not the subject of, or a concern mentioned in, this Enforceable Undertaking;

7.2.2 ASIC is satisfied would be unreasonable to release because the release of the information would unreasonably affect the business, commercial or financial affairs of the Companies or a third party otherwise than in a way that arises from the execution, implementation and reporting of the outcomes of the Enforceable Undertaking;

7.2.3 ASIC is satisfied should not be released because it would be against the public interest to do so; or

7.2.4 the Companies have asked not to be released if ASIC is satisfied:

- i. it would be unreasonable to release because the release of the information would unreasonably affect the business, commercial or financial affairs of the Companies otherwise than in a way that arises from the execution, implementation and reporting of the outcomes of this Enforceable Undertaking; or
- ii. it should not be released because it would be against the public interest to do so.

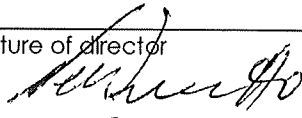
7.3 Further the Companies acknowledge that:


7.3.1 ASIC's acceptance of this Enforceable Undertaking does not affect ASIC's power to investigate, conduct surveillance or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil penalty or other civil court order in relation to any contravention not the subject of ASIC's concerns in this Enforceable Undertaking or arising from future conduct; and

7.3.2 this Enforceable Undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this Enforceable Undertaking or arising from future conduct.

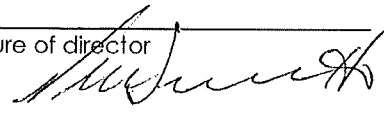
7.4 The Companies acknowledge that this Enforceable Undertaking has no operative force until accepted by ASIC, and the Companies and ASIC acknowledge that the date of the Enforceable Undertaking is the date on which it is accepted by ASIC.

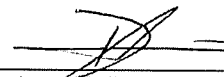
EXECUTED by IEXTEND HOLDINGS
COMPANY PTY LTD in accordance with
s 127(1) of the Corporations Act 2001

Signature of director

Name PETER BENNETT
Date 14.11.23

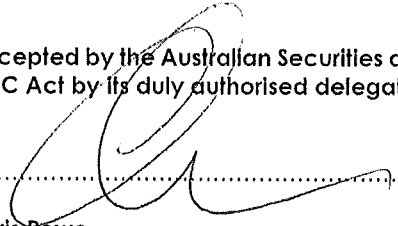

Signature of director/company
secretary
DAVID SARKIS
Name of director/company secretary
14th NOV 2023
Date

EXECUTED by IEXI PTY LTD in
accordance with s 127(1) of the
Corporations Act 2001

Signature of director

Name PETER BENNETT
Date 14.11.23


Signature of director/company
secretary
DAVID SARKIS
Name of director/company secretary
14th NOV 2023
Date

Accepted by the Australian Securities and Investments Commission under s93AA of the
ASIC Act by its duly authorised delegate:



Chris Rowe
Delegate of Australian Securities and Investments Commission
Date accepted by ASIC: 16 November 2023