



# **Accounts, Balances and Wallets Terms**

Part of every Client Agreement

**Flumen Pay LLC, trading as Lydiam Group**

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Owner: Ayaz Khan, Chief Executive Officer

# FLUMEN PAY LLC

## Accounts, Balances and Wallets Terms

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These terms are issued by Flumen Pay LLC, trading as Lydiam Group (the “Company”, “we”, “us” or “our”). They form part of every Client Agreement and set out how the Company holds client funds, how Named Accounts and Balances work, and how cryptoassets are received and delivered. Capitalised terms have the meanings in the Common Definitions Schedule, reproduced as Schedule 1 of the Client Agreement. “You” and “your” mean the Client. If these terms conflict with the Client Agreement, the Client Agreement prevails.

### 1. How we hold your money

**1.1** The Company holds client funds as set out in the Client Money Statement:

#### How we hold your money

1. **Accounts in your name.** Where we provide you with a named account, it is held in your name with one of our regulated banking partners or clearing banks, and is kept separate from Flumen’s own money.
2. **Client accounts.** Otherwise, your funds are held in client accounts in the name of Flumen Pay LLC, trading as Lydiam Group, at regulated banks, electronic money institutions or clearing banks. These accounts are used only for client funds and are kept separate from Flumen’s own operating money.
3. **Held on trust for you.** Flumen holds client funds on trust for its clients. They are not Flumen’s own assets.
4. **Our partners’ safeguards.** Our regulated banking and payment partners safeguard the client funds they hold under their own regulation.
5. **Never used for our own purposes.** Client funds are never lent or used for Flumen’s own purposes, and we reconcile them every day.
6. **No deposit insurance.** Your funds are not a bank deposit, and no deposit insurance or compensation scheme applies to them.

**1.2 Interest.** We do not pay interest on your funds unless your Plan or Rate Card says so. Any interest or other benefit that a bank or partner pays or allows on client funds is for Flumen’s account and forms part of our charges.

**1.3** Flumen holds the money in each Client Account on trust for the clients entitled to it, in accordance with their Client Agreements, and subject to the Company’s rights under them, including its rights to fees and charges, to set-off and to interest under clause 1.2. Client funds held on trust are not the Company’s assets and are not available to its creditors. The Company asks each partner that holds a Client Account to acknowledge the trust where its terms allow.

**1.4** Client funds are never held in an account in the name of a Group Company, and the Company keeps its own operating money in separate accounts.

**1.5 If a partner or the Company fails.** If a bank, electronic money institution or clearing bank that holds client funds becomes insolvent or cannot return them, the Company claims for those funds for the clients entitled to them and shares what it recovers among those clients in proportion to their Balances held there. The Company bears a shortfall itself only to the extent caused by its own negligence in choosing or monitoring that institution. If a reconciliation shows a shortfall in client funds for any other reason, the Company makes it up from its own money the same day. If the Company itself becomes insolvent, client funds held on trust are not its assets, are not available to its creditors and are returned to the clients entitled to them.

### 2. Named Accounts

**2.1** Where the Company provides a Named Account, it is a virtual account in the Client’s name, provided through one of the Company’s regulated banking partners or clearing banks, for receiving the Client’s own funds and collections under the Third-Party Payment Terms. Where a Named Account

is a virtual account within a Client Account, money received into it is held in that Client Account on the trust in clause 1.3.

- 2.2** The number of Named Accounts the Client may hold depends on its Plan, as set out in the Plans and Subscription Terms. An individual Client may hold at most 4 Named Accounts in total.
- 2.3** Pay-in details for a Named Account are shown, and changed, only in the Portal. The Company never sends or changes pay-in details by email or message, and never asks the Client to pay to any other account.
- 2.4** A banking partner may apply its own conditions to a Named Account, for example on currencies, payers or countries. The Company tells the Client of any conditions that apply, and the Client complies with them. If a banking partner withdraws a Named Account, the Company tells the Client and provides another where it can.
- 2.5** The Company does not accept cash. Cash paid into a Named Account, and payments funded with cash, are returned or dealt with under the compliance clause of the Client Agreement.
- 2.6** Named Accounts are not available to US Clients, or to Clients in Canada before the date in clause 4.1.

### 3. Balances

- 3.1** A Balance arises when cleared funds for the Client are received into a Named Account or a Client Account and the Company has completed its checks. The Company shows each Balance, by currency, in the Portal and on the Client's statements.
- 3.2** A Balance is not a bank deposit. It earns no interest except as clause 1.2 allows, and it is never lent or used for the Company's own purposes.
- 3.3** The Client may use a Balance for Transactions; for payments to its own verified accounts; for Third-Party Payments under the Third-Party Payment Terms; and for transfers within the Lydiam system, which are free.
- 3.4** The Client may not overdraw a Balance. If a Balance becomes negative, for example because of a returned payment, a fee or a correction, the Client pays the shortfall at once, and the Company may convert another Balance to cover it at a market rate.
- 3.5** If the Company credits a Balance by mistake, or a payment into it is recalled or reversed, the Company may reverse the credit, and will tell the Client.
- 3.6** The Company may hold all or part of a Balance under the compliance clause of the Client Agreement, for as long as needed for that purpose.
- 3.7** **Dormant accounts.** If your account has no activity for 24 months, we will try to contact you and may restrict it. If your account has no activity and we cannot contact you, we may be required to transfer your Balance to a state unclaimed-property authority. You would then claim it from that authority, and we are discharged for that amount.
- 3.8** Property blocked under Sanctions is never transferred to an unclaimed-property authority. Reactivating a Dormant Account requires updated due diligence and verification on a separate channel. Plan billing pauses while an account is a Dormant Account.
- 3.9** When the Client Agreement ends, the Company promptly returns the Client's Balances, net of amounts due to it, to a verified account in the Client's own name named in a Closing Balance Return Instruction, or to their source where anti-money-laundering rules require.
- 3.10** Balances are not available to US Clients.

### 4. Clients in Canada

- 4.1** For Clients in Canada, spot foreign exchange is available now. Named Accounts, Balances and payments start on the date the Company tells the Client that the Bank of Canada has registered it under the Retail Payment Activities Act. From then, the Client's funds are safeguarded as set out in the Canada RPAA Safeguarding Terms, which form part of these terms for Clients in Canada.

## 5. Cryptoassets: Deposit Addresses and holds

- 5.1** Cryptoassets are delivered to a Client Wallet. The Company does not issue wallets as standard and does not provide a cryptoasset storage, safekeeping or custody service. Where the Company provides a Deposit Address for a Transaction, it holds the cryptoassets received only for as long as needed to complete that Transaction, and in any case for no more than 2 Business Days, before converting, delivering or returning them, unless a longer hold is required by law, sanctions, a court or regulator, the Company's compliance checks (which it will carry out promptly) or a failed or misdirected transfer. Any longer hold lasts only as long as needed for that purpose, is not a storage or custody service, and the Company will tell the Client unless the law prevents it.
- 5.2** A Deposit Address is issued for one Transaction only and must not be reused. Cryptoassets must be sent to it from the Client's Registered Wallet, on the network and in the asset the Company specifies. The Company screens every address using blockchain analytics and sends and asks for travel-rule information as the law and its policies require.
- 5.3** Cryptoassets sent to a Deposit Address on the wrong network, in the wrong asset or after the Transaction has completed may be lost. The Company will try to recover them where it reasonably can, but does not guarantee recovery, and may charge the service fee in item 1 of the Fee Schedule. If recovered, they are returned to the Client's Registered Wallet, or dealt with as the Client instructs under clause 5.1.
- 5.4** Cryptoassets are never shown or treated as a Balance. Cryptoassets blocked under Sanctions are held as blocked property. Cryptoassets the Company receives from the Client other than in settlement of a sale that has bound, cryptoassets in a legacy wallet and cryptoassets held under arrangement (b) in clause 6.1 remain the Client's property; the Company records them separately for the Client, and never lends or pledges them.
- 5.5** For Clients in Canada, cryptoassets bought are transferred on-chain to the Client Wallet at settlement, and the Company does not hold cryptoassets bought by Clients in Canada except where the law or sanctions require a hold.
- 5.6** Cryptoasset services are not available to US Clients.

## 6. Bespoke wallet arrangements

- 6.1** If the Client asks, the Company may, at its discretion, agree a bespoke wallet arrangement with the Client under a separate Wallet Services Addendum. Under that addendum the Company may either:
- (a) set up a wallet for the Client, in which case the Client generates the wallet's keys itself; the Company never sees or holds the seed phrase or private keys; or
  - (b) hold a wallet for the Client only to complete the Client's Transactions, in which case cryptoassets are delivered or used within 2 Business Days, unless a longer hold is required for a reason in clause 5.1, on the same terms as that clause.

Neither arrangement is a storage or custody service. Arrangement (b) is not available to Clients in Canada, the United Kingdom, the EU, the EEA or Switzerland. Cryptoasset services are not available to US Clients.

## 7. Legacy wallets

- 7.1** A legacy wallet is a wallet set up for the Client before its current Client Agreement for which the Company holds the keys. The Company accepts no new deposits to a legacy wallet and reconciles it before migration.
- 7.2** The Company moves the assets on-chain to a Client Wallet whose keys the Client generates and controls, after the Client proves control of that wallet and the Company has screened it. The Company never hands over the keys of a legacy wallet. The migration takes place within the period in the Legacy Wallet Migration Notice: 5 Business Days for Clients in the United States, Canada, the United Kingdom, the EU, the EEA or Switzerland, and 60 days for all other Clients.

- 7.3** If the Client does not respond after two notices, the assets are held in a suspense record for the Client, never as the Company's own inventory, and are returned on contact after proof of control and screening. Unclaimed-property law may apply.

## **8. Changes**

- 8.1** The Company may change these terms under the changes clause of the Client Agreement: on at least 10 Business Days' notice to a company and at least 30 days' notice to an individual, by email and in the Portal, with a free exit before the change takes effect, or sooner where the law, a regulator or security requires it.