

# Straddle Services Agreement

**Latest Revision: February 14, 2025**

This Straddle Services Agreement includes this introduction, the General Terms, Definitions, Services Terms, and incorporated documents and terms (“**Agreement**”) and forms a legal agreement between Straddle Payments, Inc. (“**Straddle**”) and you or the entity you represent (“**you**” and “**your**”). This Agreement governs your use of the Services.

This Agreement is effective upon the date you first access or use the Services (“**Effective Date**”) and continues until you or Straddle terminates it (this period, the “**Term**”). Capitalized terms used in this Agreement that are not defined inline are defined in the Definitions.

As referenced in Section 13 of the General Terms, any dispute between you and Straddle is subject to a class action waiver and must be resolved by individual binding arbitration. Please read the arbitration provision in this Agreement as it affects your rights under this Agreement.

## General Terms

You and Straddle agree as follows:

### 1. Your Straddle Account.

#### 1.1 Eligibility.

Only businesses (including sole proprietors) and non-profit organizations located in the United States are eligible to apply for a Straddle Account and use the Services. You and your Representative must not attempt to create a Straddle Account on behalf of or for the benefit of a user whose use of the Straddle services was suspended or terminated by Straddle, unless Straddle approves otherwise.

#### 1.2 Business Representative.

You and your Representative individually affirm to Straddle that (a) your Representative is authorized to provide User Information on your behalf and to bind you to this Agreement; and (b) your Representative is an executive officer, senior manager or otherwise has significant responsibility for the control, management or direction of your business. Straddle may require you or your Representative to provide additional information or documentation demonstrating your Representative’s authority.

#### 1.3 Sole Proprietors.

If you are a sole proprietor, you and your Representative also affirm that your Representative is personally responsible and liable for your use of the Services and your obligations to Customers, including payment of amounts you owe under this Agreement.

#### 1.4 Age Requirements.

If you are a sole proprietor, and you are not old enough to enter into a contract on your own behalf (which is commonly but not always 18 years old), but you are 13 years old or older, your Representative must be your parent or legal guardian. If you are a legal entity that is owned, directly or indirectly, by an individual who is not old enough to enter into a contract on their own behalf, but the individual is 13 years old or older, your Representative must obtain the consent of either your board or an authorized officer. The approving board, authorized officer, parent or legal guardian is responsible to Straddle and is legally bound to this Agreement as if it had agreed to this Agreement itself. You must not use the Services if you are under 13 years of age.

## **2. Services and Support.**

### **2.1 Services.**

Straddle (and its Affiliates, as applicable) will make available to you the Services, including those described in the applicable Services Terms, and, if applicable, give you access to a Straddle Dashboard.

### **2.2 Services Terms; Order of Precedence.**

The Services Terms contain specific terms governing the parties' rights and obligations related to the Services described in those Services Terms. If there are no Services Terms for a particular Straddle service, then only these General Terms govern. By accessing or using a Service, you agree to comply with the applicable Services Terms. If any term in these General Terms conflicts with a term in any Services Terms or set of terms incorporated by reference into this Agreement, then unless terms of lower precedence expressly state to the contrary, the order of precedence is: (a) the Services Terms; (b) these General Terms; and (c) all terms incorporated by reference into this Agreement. Your access to or use of the Services may also be subject to additional terms to which you agree through the Straddle Dashboard.

### **2.3 Service Modifications and Updates.**

Straddle may modify the Services and Straddle Technology at any time, including adding or removing functionality or imposing conditions on use of the Services. Straddle will notify you of material adverse changes in, deprecations to, or removal of functionality from, Services or Straddle Technology that you are using. Straddle is not obligated to provide any Updates. However, if Straddle makes an Update available, you must fully install the Update by the date or within the time period stated in Straddle's notice; or, if there is no date or period stated in the notice, then no later than 30 days after the date of the notice.

### **2.4 Subcontracting.**

Straddle may subcontract its obligations under this Agreement to third parties.

### **2.5 Services Restrictions.**

You may only use the Services for business purposes. You must not, and must not enable or allow any third party to:

- (a) use the Services for personal, family or household purposes;
- (b) act as service bureau or pass-through agent for the Services with no added value to Customers;
- (c) work around any of the technical limitations of the Services or enable functionality that is disabled or prohibited, or access or attempt to access non-public Straddle systems, programs, data, or services;
- (d) except as Law permits, reverse engineer or attempt to reverse engineer the Services or Straddle Technology;
- (e) use the Services to engage in any activity that is illegal, fraudulent, deceptive or harmful;
- (f) perform or attempt to perform any action that interferes with the normal operation of the Services or affects other Straddle users' use of Straddle services;
- (g) exceed any Services usage limitations stated in the Documentation; or
- (h) copy, reproduce, republish, upload, post, transmit, resell, or distribute in any way, any part of the Services, Documentation, or the Straddle Website except as permitted by Law.

### **2.6 Beta Services.**

(a) *Classification.* Straddle may classify certain Straddle services or Straddle Technology, including a particular release or feature, as Beta.

(b) *Nature of Beta Services.* By their nature, Beta Services may be feature-incomplete or contain bugs. Straddle may describe limitations that exist within a Beta Service; however, your reliance on the accuracy or completeness of these descriptions is at

your own risk. You should not use Beta Services in a production environment until and unless you understand and accept the limitations and flaws that may be present in the Beta Services.

(c) *Feedback*. Unless Straddle otherwise agrees in writing, your use of Beta Services is confidential, and you must provide timely Feedback on the Beta Services in response to Straddle requests.

(d) *Availability During Beta Period*. Straddle shall only grant access to any services classified as Beta after receiving explicit opt-in instruction from you. Straddle may suspend or terminate your access to any Beta Services at any time.

## **2.7 Support.**

Straddle will provide you with support to resolve general issues relating to your Straddle Account and your use of the Services through resources and documentation that Straddle makes available on the Straddle Website and in the Documentation. Straddle's support is also available by contacting Straddle at [contact us](#). Straddle is not responsible for providing support to your Customers.

## **2.8 Third-Party Services.**

Straddle may reference, enable you to access, or promote (including on the Straddle Website) Third-Party Services. These Third-Party Services are provided for your convenience only and Straddle does not approve, endorse, or recommend any Third-Party Services to you. **Your access and use of any Third-Party Service is at your own risk and Straddle disclaims all responsibility and liability for your use of any Third-Party Service. Third-Party Services are not Services and are not governed by this Agreement or Straddle's Privacy Policy. Your use of any Third-Party Service, including those linked from the Straddle Website, is subject to that Third-Party Service's own terms of use and privacy policies (if any).**

## **3. Information; Your Business.**

### **3.1 User Information.**

Upon Straddle's request, you must provide User Information to Straddle in a form satisfactory to Straddle. You must keep the User Information in your Straddle Account current. You must promptly update your Straddle Account with any changes affecting you, the nature of your business activities, your Representative, beneficial owners, principals, or any other pertinent information. You must immediately notify Straddle, and provide to Straddle updated User Information, if (a) you experience or anticipate experiencing a Change of Control; (b) you experience or anticipate experiencing a material change in your business or financial condition, including if you experience or are likely to experience an Insolvency Proceeding; (c) the regulatory status of the business for which you are using the Services changes, including if it becomes subject, or no longer subject, to regulatory oversight; or (d) a Governmental Authority has notified you that you or your business is the subject of investigative action.

### **3.2 Information Retrieved by Straddle.**

You authorize Straddle to retrieve information about you and your business from Straddle's service providers and other third parties, including credit reporting agencies, banking partners and information bureaus, and you authorize and direct those third parties to compile and provide that information to Straddle. This information may include your, or your Representative's, name, addresses, credit history, banking relationships, and financial history.

## **4. Services Fees; Taxes.**

### **4.1 Services Fees.**

The Fees are stated on the Straddle Pricing Page, unless you and Straddle otherwise agree in writing via the "Straddle Custom Pricing Agreement" or other executed agreement. Straddle may revise the Fees at any time. If Straddle revises the Fees for a Service that you are currently using, Straddle will notify you at least 60 days before the revised Fees apply to you.

## **4.2 Collection of Fees and Other Amounts.**

You must pay, or ensure that Straddle is able to collect, Fees and other amounts you owe under this Agreement when due. Straddle may deduct, recoup or setoff Fees and other amounts you owe under this Agreement, or under any other agreements you have with Straddle after Straddle has invoiced you for those amounts. If you fail to pay invoiced amounts when due, if your Straddle payment activity is negative or does not contain funds sufficient to pay amounts that you owe under this Agreement, or under any other agreement with Straddle or any of its Affiliates, or if Straddle is unable to collect amounts due from your Straddle payment activity, then Straddle may, to the extent Law permits, deduct, recoup or setoff those amounts from: (a) if established and applicable, each Reserve; (b) funds payable by Straddle or its Affiliate to you or your Affiliate; (c) if established, each User Affiliate Reserve; (d) each User Bank Account; and (e) the external account balance of each Straddle account that Straddle determines, acting reasonably, is associated with you or your Affiliate.

## **4.3 Debit Authorization.**

Without limiting Section 4.2 of these General Terms, you authorize Straddle to debit each User Bank Account without separate notice, and according to the applicable [Bank Account Debit Authorization](#), to collect amounts you owe under this Agreement. If Straddle is unable to collect those amounts by debiting a User Bank Account, then you immediately grant to Straddle a new, original authorization to debit each User Bank Account without notice and according to the applicable [Bank Account Debit Authorization](#). Straddle may rely on this authorization to make one or more attempts to collect all or a subset of the amounts owed. Your authorization under this Section 4.3 will remain in full force and effect until (a) all of your Straddle Accounts are closed; or (b) all fees and other amounts you owe under this Agreement are paid, whichever occurs later. If applicable debit scheme authorization rules grant you the right to revoke your debit authorization, then to the extent Law permits, you waive that right.

## **4.4 Taxes.**

Straddle's fees exclude all Taxes. You have sole responsibility and liability for:

- (a) determining which, if any, Taxes or fees apply to the sale of your products and services, acceptance of donations, or payments you make or receive in connection with your use of the Services; and
- (b) assessing, collecting, reporting and remitting Taxes for your business.

User acknowledges that, pursuant to Section 6050W of the Internal Revenue Code, Straddle is responsible for filing with the IRS annual information returns for all reportable payment transactions to User for whom Straddle processes transactions under this Agreement. User shall cooperate with Straddle and take all reasonable steps to aid its reporting obligations and compliance with Section 6050W, including, but not limited to, provide an accurate and verifiable tax filing name and tax identification number ("TIN") for each User account.

User further acknowledges and agrees that, if it fails to provide an accurate tax filing name or TIN information, the IRS notifies Straddle of a discrepancy between the information provided by User and the IRS records, or if requested by the IRS for any reason, Straddle shall be required to perform backup withholding from User funding by deducting and withholding income tax in an amount based on the IRS withholding regulations at the time withholding is required from the gross amount of each reportable transaction pursuant to Section 6050W and its corresponding regulations.

User expressly authorizes Straddle to withhold from User's funding or debit User's Account (or another account designated by User if there are insufficient funds in the Account to cover the required withholding) for any and all backup withholding amounts required by Section 6050W and its corresponding regulations.

## **5. User Bank Accounts; Funds.**

### **5.1 User Bank Accounts; Prohibition on Grant or Assignment.**

You must designate at least one User Bank Account in connection with the Services. Straddle may debit and credit a User Bank Account as described in this Agreement. You must not grant or assign to any third party any lien on or interest in funds that may be owed to you under this Agreement until the funds are deposited into a User Bank Account.

## 5.2 Holding of Funds.

Straddle and its applicable Affiliates may deposit funds they hold for you into aggregated, Straddle-owned bank accounts. Straddle or its applicable Affiliates will (a) hold these funds separate from their own funds; and (b) User will not receive, any earnings or remuneration from these deposits. Straddle's aggregation of funds will not affect or delay its payout obligations under this Agreement.

## 5.3 Regulated Money Transmission; Straddle Status.

Certain Services involve regulated money transmission under U.S. Law. To the extent that your use of the Services involves money transmission or other regulated services under U.S. Law, Straddle's Financial Partners, provides those regulated Services, and the terms located on or accessible from the Straddle Legal Page will apply to you, unless the applicable Services Terms specify otherwise. Straddle is not a bank, and does not accept deposits.

## 5.4 Dormant Accounts.

If you leave any funds dormant in a Straddle Account and you do not instruct Straddle on where to send them, Straddle may deem the funds abandoned by you and deliver them to the appropriate Governmental Authority. However, if Law requires, Straddle will attempt to notify you before doing so.

## 6. Termination; Suspension; Survival.

### 6.1 Termination.

(a) *Your Termination.* You may terminate this Agreement at any time by closing your Straddle Account. To do so, you must request in writing via email to [support@straddle.io](mailto:support@straddle.io) or submit a support ticket via the Straddle Dashboard or [contact us](#) and stop using the Services. If after termination you use the Services again, this Agreement will apply with an Effective Date that is the date on which you first use the Services again.

(b) *Straddle Termination.* Straddle may terminate this Agreement (or any part) or close your Straddle Account at any time for any or no reason (including if any event listed in Sections 6.2(a)–(i) of these General Terms occurs) by notifying you. In addition, Straddle may terminate this Agreement (or relevant part) for cause if Straddle exercises its right to suspend Services (including under Section 6.2 of these General Terms) and does not reinstate the suspended Services within 30 days.

(c) *Termination for Material Breach.* A party may terminate this Agreement immediately upon notice to the other party if the other party materially breaches this Agreement, and if capable of cure, does not cure the breach within 10 days after receiving notice specifying the breach. If the material breach affects only certain Services, the non-breaching party may choose to terminate only the affected Services.

(d) *Effect on Other Agreements.* Unless stated to the contrary, termination of this Agreement will not affect any other agreement between the parties or their Affiliates.

### 6.2 Suspension.

Straddle may immediately suspend providing any or all Services to you, and your access to the Straddle Technology, if:

- (a) Straddle believes it will violate any Law, Financial Services Terms or Governmental Authority requirement;
- (b) a Governmental Authority or a Financial Partner requires or directs Straddle to do so;
- (c) you do not update in a timely manner your implementation of the Services or Straddle Technology to the latest production version Straddle recommends or requires;
- (d) you do not respond in a timely manner to Straddle's request for User Information or do not provide Straddle adequate time to verify and process updated User Information;
- (e) you breach this Agreement or any other agreement between the parties;

(f) you breach any Financial Services Terms;

(g) you enter an Insolvency Proceeding;

(h) Straddle believes that you are engaged in a business, trading practice or other activity that presents an unacceptable risk to Straddle; or

(i) Straddle believes that your use of the Services (i) is or may be harmful to Straddle or any third party; (ii) presents an unacceptable level of credit risk; (iii) increases, or may increase, the rate of fraud that Straddle observes; (iv) degrades, or may degrade, the security, stability or reliability of the Straddle services, Straddle Technology or any third party's system (e.g., your involvement in a distributed denial of service attack); (v) enables or facilitates, or may enable or facilitate, illegal or prohibited transactions; or (vi) is or may be unlawful.

### **6.3 Survival.**

The following will survive termination of this Agreement:

(a) provisions that by their nature are intended to survive termination (including Sections 4, 7.2, 9.4, 11, 12 and 13 of these General Terms); and

(b) provisions that allocate risk, or limit or exclude a party's liability, to the extent necessary to ensure that a party's potential liability for acts and omissions that occur during the Term remains unchanged after this Agreement terminates.

## **7. Use Rights.**

### **7.1 Use of Services.**

Subject to the terms of this Agreement, Straddle grants you a non-exclusive, non-transferable, non-sublicensable, royalty-free license during the Term to access the Documentation, and access and use the Straddle Technology, as long as your access and use is (a) solely as necessary to use the Services; (b) solely for your business purposes; and (c) in compliance with this Agreement and the Documentation.

### **7.2 Feedback.**

During the Term, you and your Affiliates may provide Feedback to a Straddle Entity. You grant, on behalf of yourself and your Affiliates, to Straddle and its Affiliates a perpetual, worldwide, non-exclusive, irrevocable, royalty-free license to exploit that Feedback for any purpose, including developing, improving, manufacturing, promoting, selling and maintaining the Straddle services. All Feedback is Straddle's confidential information.

### **7.3 Marks Usage.**

Subject to the terms of this Agreement, each party grants to the other party and its Affiliates a worldwide, non-exclusive, non-transferable, non-sublicensable, royalty-free license during the Term to use the Marks of the grantor party or its Affiliate solely to identify Straddle as your service provider. Accordingly, Straddle and its Affiliates may use those Marks:

(a) on Straddle webpages and apps that identify Straddle's customers;

(b) in Straddle sales/marketing materials and communications; and

(c) in connection with promotional activities to which the parties agree in writing.

.All goodwill generated from the use of Marks will inure to the sole benefit of the Mark owner.

### **7.4 No Joint Development; Reservation of Rights.**

Any joint development between the parties will require and be subject to a separate agreement between the parties. Nothing in this Agreement assigns or transfers ownership of any IP Rights to the other party. All rights (including IP Rights) not expressly granted in this Agreement are reserved.

## **8. Privacy and Data Use.**

### **8.1 Privacy Policies.**

Each party will make available a Privacy Policy that complies with Law. Straddle's [Privacy Policy](#) explains how and for what purposes Straddle collects, uses, retains, discloses and safeguards the Personal Data you provide to Straddle.

### **8.2 Disclosures.**

When you provide Personal Data to Straddle, or authorize Straddle to collect Personal Data, you must provide all necessary notices to, and obtain all necessary rights and consents from, the applicable individuals (including your Customers) sufficient to enable Straddle to lawfully collect, use, retain and disclose the Personal Data in the ways this Agreement and Straddle's [Privacy Policy](#) describe. You will determine the content of the notices you provide to your Customers.

### **8.3 Personal Data.**

Straddle will Process Personal Data for the purposes described in Section 2 of the [Data Processing Agreement](#). You are responsible for being aware of, and complying with, Law governing your use, storage and disclosure of Personal Data.

### **8.4 Data Processing Agreement.**

The [Data Processing Agreement](#) that applies to your use of the Services and transfer of Personal Data, is incorporated into this Agreement by this reference. Each party will comply with the Data Processing Agreement.

### **8.5 Straddle Data.**

You may use the Straddle Data only as this Agreement and other applicable agreements between a Straddle Entity and you (or your Affiliates, if applicable) permit.

### **8.6 Retention of Data.**

Straddle is not obligated to retain data after the Term, except as (a) required by Law; (b) required for Straddle to perform any post-termination obligations; (c) this Agreement otherwise states; or (d) the parties otherwise agree in writing.

### **8.7 Use of Fraud Signals.**

If Straddle provides you with information regarding the possibility or likelihood that a transaction may be fraudulent via Straddle Watchtower or that an individual cannot be verified, Straddle may incorporate your subsequent actions and inactions into Straddle Watchtower's fraud and verification model, for the purpose of identifying future potential fraud.

## **9. Data Security.**

### **9.1 Controls.**

Each party will maintain commercially reasonable administrative, technical, and physical safeguards designed to protect data in its possession or under its control from unauthorized access, accidental loss and unauthorized modification. You are responsible for implementing administrative, technical, and physical controls that are appropriate for your business.

### **9.2 Nacha Data Security.**

Straddle will make reasonable efforts to provide the Services in a manner consistent with Nacha Data Security requirements that apply to Straddle.

### **9.3 Straddle Account Credentials.**

You must prevent any Credential Compromise, and otherwise ensure that your Straddle Account is not used or modified by anyone other than you and your representatives. If a Credential Compromise occurs, you must promptly notify and cooperate with Straddle, including by providing information that Straddle requests. Any act or failure to act by Straddle will not diminish your responsibility for Credential Compromises.

#### **9.4 Data Breach.**

You must notify Straddle immediately if you become aware of an unauthorized acquisition, modification, disclosure, access to, or loss of Personal Data on your systems.

#### **9.5 Audit Rights.**

If Straddle believes that a compromise of data has occurred on your systems, website, or app, Straddle may require you to permit a Straddle approved third-party auditor to audit the security of your systems and facilities. You must fully cooperate with all auditor requests for information or assistance. As between the parties, you are responsible for all costs and expenses associated with these audits. Straddle may share with Financial Services Partners any report the auditor issues.

### **10. Representations and Warranties.**

#### **10.1 Representations and Warranties.**

You represent as of the Effective Date, and warrant at all times during the Term, that:

- (a) you have the right, power, and ability to enter into and perform under this Agreement;
- (b) you are a business (which may be a sole proprietor) or a non-profit organization located in the United States and are eligible to apply for a Straddle account and use the Services;
- (c) you have, and comply with, all necessary rights, consents, licenses, and approvals for the operation of your business and to allow you to access and use the Services in compliance with this Agreement and Law;
- (d) your employees, contractors and agents are acting consistently with this Agreement;
- (e) your use of the Services does not violate or infringe upon any third-party rights, including IP Rights, and you have obtained, as applicable, all necessary rights and permissions to enable your use of Content in connection with the Services;
- (f) you are authorized to initiate settlements to and debits from the User Bank Accounts;
- (g) you comply with Law with respect to your business, your use of the Services and Straddle Technology, and the performance of your obligations in this Agreement;
- (h) you comply with the Documentation;
- (i) you comply with the Financial Services Terms, and are not engaging in activity that any Financial Partner identifies as damaging to its brand;
- (j) you do not use the Services to conduct a Restricted Business, or enable any individual or entity (including you) to benefit from any Restricted Business;
- (k) you own each User Bank Account, and each User Bank Account is located in a the United States;
- (l) all information you provide to Straddle, including the User Information, is accurate and complete.

#### **10.2 Scope of Application.**

Unless this Agreement states to the contrary elsewhere, the representations and warranties in Sections 10.1 and 15.9 of these General Terms apply generally to your performance under this Agreement. Additional representations and warranties that apply only to a specific Service may be included in the Services Terms.

## 11. Indemnity.

### 11.1 Straddle IP Infringement.

(a) *Defense and Indemnification.* Straddle will defend you against any IP Claim and indemnify you against all IP Claim Losses.

(b) *Limitations.* Straddle's obligations in this Section 11.1 do not apply if the allegations do not specify that the Straddle Technology, Services, or Mark of a Straddle Entity is the basis of the IP Claim, or to the extent the IP Claim or IP Claim Losses arise out of:

(i) the use of the Straddle Technology or Services in combination with software, hardware, data, or processes not provided by Straddle;

(ii) failure to implement, maintain and use the Straddle Technology or Services in accordance with the Documentation and this Agreement;

(iii) your breach of this Agreement; or

(iv) your negligence, fraud or willful misconduct.

(c) *Process.* You must promptly notify Straddle of the IP Claim for which you seek indemnification; however, any delay or failure to notify will not relieve Straddle of its obligations under this Section 11, except to the extent Straddle has been prejudiced by the delay or failure. You must give Straddle sole control and authority to defend and settle the IP Claim, but (i) you may participate in the defense and settlement of the IP Claim with counsel of your own choosing at your own expense; and (ii) Straddle will not enter into any settlement that imposes any obligation on you (other than payment of money, which Straddle will pay) without your consent. You must reasonably assist Straddle in defending the IP Claim.

(d) *Other Straddle Actions.* Straddle may in its discretion and at no additional expense to you:

(i) modify the Straddle Technology or Services so that they are no longer claimed to infringe or misappropriate IP Rights of a third party;

(ii) replace the affected Straddle Technology or Services with a non-infringing alternative;

(iii) obtain a license for you to continue to use the affected Straddle Technology, Services, or Mark; or

(iv) terminate your use of the affected Straddle Technology, Services, or Mark upon 30 days' notice.

(e) **\*Exclusive Remedy\*. This Section 11.1 states Straddle's sole liability, and your sole and exclusive right and remedy, for infringement by the Straddle Technology, Services, or Marks of a Straddle Entity, including any IP Claim.**

### 11.2 User Indemnification.

(a) *Defense.* You will defend the Straddle Parties against any Claim made against any of the Straddle Parties to the extent arising out of or relating to:

(i) your breach of any of your representations, warranties or obligations under this Agreement;

(ii) your use of the Services, including use of Personal Data;

(iii) an allegation that any of the Marks you license to Straddle, or your Content, infringes on or misappropriates the rights, including IP Rights, of the third party making the Claim; or

(iv) a User Party's negligence, willful misconduct or fraud.

(b) *Indemnification.* You will indemnify the Straddle Parties against all Straddle Losses arising out of or relating to Claims described in this Section 11.2.

## 12. Disclaimer and Limitations on Liability.

**The following disclaimer and limitations will apply notwithstanding the failure of the essential purpose of any limited**

remedy.

## 12.1 Disclaimer.

Straddle provides the Services and Straddle Technology "AS IS" and "AS AVAILABLE". Except as expressly stated as a "warranty" in this Agreement, and to the maximum extent permitted by Law, Straddle does not make any, and expressly disclaims all, express and implied warranties and statutory guarantees with respect to its performance under this Agreement, the Services, Financial Partners, the Straddle Technology, Straddle Data and the Documentation, including as related to availability, the implied warranties of fitness for a particular purpose, merchantability and non-infringement, and the implied warranties arising out of any course of dealing, course of performance or usage in trade. The Straddle Parties are not liable for any losses, damages, or costs that you or others may suffer arising out of or relating to hacking, tampering, or other unauthorized access or use of the Services, your Straddle Account, or Protected Data, or your failure to use or implement anti-fraud or data security measures. Further, the Straddle Parties are not liable for any losses, damages, or costs that you or others may suffer arising out of or relating to (a) your access to, or use of, the Services in a way that is inconsistent with this Agreement or the Documentation; (b) unauthorized access to servers or infrastructure, or to Straddle Data or Protected Data; (c) Service interruptions or stoppages; (d) bugs, viruses, or other harmful code that may be transmitted to or through the Service (e) errors, inaccuracies, omissions or losses in or to any Protected Data or Straddle Data; (f) Content; or (g) your or another party's defamatory, offensive, fraudulent, or illegal conduct.

## 12.2 LIMITATIONS ON LIABILITY.

(a) **\*Indirect Damages\***. To the maximum extent permitted by Law, the Straddle Parties will not be liable to you or your Affiliates in relation to this Agreement or the Services during and after the Term, whether in contract, negligence, strict liability, tort or other legal or equitable theory, for any lost profits, personal injury, property damage, loss of data, business interruption, indirect, incidental, consequential, exemplary, special, reliance, or punitive damages, even if these losses, damages, or costs are foreseeable, and whether or not you or the Straddle Parties have been advised of their possibility.

(b) **\*General Damages\***. To the maximum extent permitted by Law, the Straddle Parties will not be liable to you or your Affiliates in relation to this Agreement or the Services during and after the Term, whether in contract, negligence, strict liability, tort or other legal or equitable theory, for losses, damages, or costs exceeding in the aggregate the greater of (i) the total amount of Fees you paid to Straddle (excluding all pass-through fees levied by Financial Partners) during the 3-month period immediately preceding the event giving rise to the liability; and (ii) \$500 USD.

## 13. Dispute Resolution; Agreement to Arbitrate.

### 13.1 Governing Law.

The laws of the state of Delaware will govern this Agreement, without giving effect to its conflict of law principles.

### 13.2 Binding Arbitration.

(a) All disputes, claims and controversies, whether based on past, present or future events, arising out of or relating to statutory or common law claims, the breach, termination, enforcement, interpretation or validity of any provision of this Agreement, and the determination of the scope or applicability of your agreement to arbitrate any dispute, claim or controversy originating from this Agreement, but specifically excluding any dispute principally related to either party's IP Rights (which will be resolved in litigation before the United States District Court for the District of Delaware), will be determined by binding arbitration in Wilmington, Delaware before a single arbitrator.

(b) The American Arbitration Association will administrate the arbitration under its Commercial Arbitration Rules. The Expedited Procedures of the American Arbitration Association's Commercial Arbitration Rules will apply for cases in which no disclosed claim or counterclaim exceeds \$75,000 USD (excluding interest, attorneys' fees and arbitration fees and costs). Where no party's claim exceeds \$25,000 USD (excluding interest, attorneys' fees and arbitration fees and costs), and in other cases where the parties agree, Section E-6 of the Expedited Procedures of the American Arbitration Association's Commercial Arbitration Rules will apply.

(c) The arbitrator will apply the substantive law of the State of Delaware and of the United States, excluding their conflict or choice of law rules.

(d) Nothing in this Agreement will preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

(e) The parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding the provisions in this Section 13 referencing applicable substantive law, the Federal Arbitration Act (9 U.S.C. Sections 1-16) will govern any arbitration conducted in accordance with this Agreement.

### **13.3 Arbitration Procedure.**

(a) A party must notify the other party of its intent to commence arbitration prior to commencing arbitration. The notice must specify the date on which the arbitration demand is intended to be filed, which must be at least 30 days after the date of the notice. During this time period, the parties will meet for the purpose of resolving the dispute prior to commencing arbitration.

(b) Subject to Section 13.3(a) of these General Terms, each party may commence arbitration by providing to the American Arbitration Association and the other party to the dispute a written demand for arbitration, stating the subject of the dispute and the relief requested.

(c) Subject to the disclaimers and limitations of liability stated in this Agreement, the appointed arbitrators may award monetary damages and any other remedies allowed by the laws of the State of Delaware. In making a determination, the arbitrator will not have the authority to modify any term of this Agreement. The arbitrator will deliver a reasoned, written decision with respect to the dispute to each party, who will promptly act in accordance with the arbitrator's decision. Any award (including interim or final remedies) may be confirmed in or enforced by a state or federal court located in San Francisco, Delaware. The decision of the arbitrator will be final and binding on the parties, and will not be subject to appeal or review.

(d) In accordance with the AAA Rules, the party initiating the arbitration is responsible for paying the applicable filing fee. Each party will advance one-half of the fees and expenses of the arbitrator, the costs of the attendance of the arbitration reporter at the arbitration hearing, and the costs of the arbitration facility. In any arbitration arising out of or relating to this Agreement, the arbitrator will award to the prevailing party, if any, the costs and attorneys' fees reasonably incurred by the prevailing party in connection with those aspects of its claims or defenses on which it prevails, and any opposing awards of costs and legal fees awards will be offset.

### **13.4 Confidentiality.**

The parties will keep confidential the existence of the arbitration, the arbitration proceeding, the hearing and the arbitrator's decision, except (a) as necessary to prepare for and conduct the arbitration hearing on the merits; (b) in connection with a court application for a preliminary remedy, or confirmation of an arbitrator's decision or its enforcement; (c) Straddle may disclose the arbitrator's decision in confidential settlement negotiations; (d) each party may disclose as necessary to professional advisors that are subject to a strict duty of confidentiality; and (e) as Law otherwise requires. The parties, witnesses, and arbitrator will treat as confidential and will not disclose to any third person (other than witnesses or experts) any documentary or other evidence produced in any arbitration, except as Law requires or if the evidence was obtained from the public domain or was otherwise obtained independently from the arbitration.

### **13.5 Conflict of Rules.**

In the case of a conflict between the provisions of this Section 13 and the AAA Rules, the provisions of this Section 13 will prevail.

### **13.6 Class Waiver.**

To the extent Law permits, any dispute arising out of or relating to this Agreement, whether in arbitration or in court, will be conducted only on an individual basis and not in a class, consolidated or representative action. Notwithstanding any other provision of this Agreement or the AAA Rules, disputes regarding the interpretation, applicability, or enforceability of this class

waiver may be resolved only by a court and not by an arbitrator. If this waiver of class or consolidated actions is deemed invalid or unenforceable, neither party is entitled to arbitration.

### **13.7 No Jury Trial.**

If for any reason a claim or dispute proceeds in court rather than through arbitration, each party knowingly and irrevocably waives any right to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement or any of the transactions contemplated between the parties.

## **14. Modifications to this Agreement.**

Straddle may modify all or any part of this Agreement at any time by posting a revised version of the modified General Terms (including the introduction to this Agreement and the Definitions), Services Terms or terms incorporated by reference on the Straddle Legal Page or by notifying you. The modified Agreement is effective upon posting or, if Straddle notifies you, as stated in the notice. By continuing to use Services after the effective date of any modification to this Agreement, you agree to be bound by the modified Agreement. It is your responsibility to check the Straddle Legal Page regularly for modifications to this Agreement. Straddle last modified these General Terms on the date listed under the "General Terms" heading, and each set of Services Terms on the date listed under the heading for those terms. Except as this Agreement (including in this Section 14) otherwise allows, this Agreement may not be modified except in a writing signed by the parties.

## **15. General Provisions.**

### **15.1 Electronic Communications.**

By accepting this Agreement or using any Service, you consent to electronic communications as described in the [E-SIGN Disclosure](#), which is incorporated into this Agreement by this reference.

### **15.2 Notices and Communications.**

(a) *Notices to Straddle.* Unless this Agreement states otherwise, for notices to Straddle, you must [contact us](#) via webform or email at [support@straddle.io](mailto:support@straddle.io). A notice you send to Straddle is deemed to be received when Straddle receives it.

(b) *Communications to you.* In addition to sending you a Communication electronically as Section 15.1 of these General Terms describes, Straddle may send you Communications by physical mail or delivery service to the postal address listed in the applicable Straddle Account. A Communication Straddle sends to you is deemed received by you on the earliest of (i) when posted to the Straddle Website or Straddle Dashboard; (ii) when sent by text message or email; and (iii) three business days after being sent by physical mail or when delivered, if sent by delivery service.

### **15.3 Legal Process.**

Straddle may respond to and comply with any Legal Process that Straddle believes to be valid. Straddle may deliver or hold any funds or, subject to the terms of Straddle's Privacy Policy, any data as required under the Legal Process, even if you are receiving funds or data on behalf of other parties. Where Law permits, Straddle will notify you of the Legal Process by sending a copy to the email address in the applicable Straddle Account. Straddle is not responsible for any losses, whether direct or indirect, that you may incur as a result of Straddle's response or compliance with a Legal Process in accordance with this Section 15.3.

### **15.4 Collection Costs.**

You are liable for all costs Straddle incurs during collection of any amounts you owe under this Agreement, in addition to the amounts you owe. Collection costs may include attorneys' fees and expenses, costs of any arbitration or court proceeding, collection agency fees, applicable interest, and any other related cost.

### **15.5 Interpretation.**

- (a) No provision of this Agreement will be construed against any party on the basis of that party being the drafter.
- (b) References to “includes” or “including” not followed by “only” or a similar word mean “includes, without limitation” and “including, without limitation,” respectively.
- (c) Except where expressly stated otherwise in a writing executed between you and Straddle, this Agreement will prevail over any conflicting policy or agreement for the provision or use of the Services.
- (d) All references in this Agreement to any terms, documents, Law or Financial Services Terms are to those items as they may be amended, supplemented or replaced from time to time. All references to APIs and URLs are references to those APIs and URLs as they may be updated or replaced.
- (e) The section headings of this Agreement are for convenience only, and have no interpretive value.
- (f) Unless expressly stated otherwise, any consent or approval that may be given by a party (i) is only effective if given in writing and in advance; and (ii) may be given or withheld in the party’s sole and absolute discretion.
- (g) References to “business days” means weekdays on which banks are generally open for business. Unless specified as business days, all references in this Agreement to days, months or years mean calendar days, calendar months or calendar years.
- (h) Unless expressly stated to the contrary, when a party makes a decision or determination under this Agreement, that party has the right to use its sole discretion in making that decision or determination.

#### **15.6 Waivers.**

To be effective, a waiver must be in a writing signed by the waiving party. The failure of either party to enforce any provision of this Agreement will not constitute a waiver of that party’s rights to subsequently enforce the provision.

#### **15.7 Force Majeure.**

Straddle and its Affiliates will not be liable for any losses, damages, or costs you suffer, or delays in a Straddle Entity's performance or non-performance, to the extent caused by a Force Majeure Event.

#### **15.8 Assignment.**

You may not assign or transfer any obligation or benefit under this Agreement without Straddle’s consent. Any attempt to assign or transfer in violation of the previous sentence will be void in each instance. If you wish to assign this Agreement, please [contact us](#). Straddle may, without your consent, freely assign and transfer this Agreement, including any of its rights or obligations under this Agreement. This Agreement will be binding on, inure to the benefit of, and be enforceable by the parties and their permitted assigns.

#### **15.9 Export Control.**

You must not use or otherwise export, re-export or transfer the Straddle Technology except as authorized by United States law and the laws of the jurisdiction(s) in which the Straddle Technology was distributed and obtained, including by providing access to Straddle Technology (a) to any individual or entity ordinarily resident in a High-Risk Jurisdiction; or (b) to any High-Risk Person. By using the Straddle Technology, you represent as of the Effective Date and warrant during the Term that you are not (x) located in or organized under the laws of any High-Risk Jurisdiction; (y) a High-Risk Person; or (z) owned 50% or more, or controlled, by individuals and entities (i) located in or, as applicable, organized under the laws of any High-Risk Jurisdiction; or (ii) any of whom or which is a High-Risk Person. You must not use the Straddle Technology for any purposes prohibited by Law, including the development, design, manufacture or production of missiles, nuclear, chemical or biological weapons.

#### **15.10 No Agency.**

Each party to this Agreement, and each Financial Partner, is an independent contractor. Nothing in this Agreement serves to establish a partnership, joint venture, or general agency relationship between Straddle and you, or with any Financial Partner. If

this Agreement expressly establishes an agency relationship between you as principal and a Straddle Entity as agent, the agency conferred, including your rights as principal and a Straddle Entity's obligations as agent, is limited strictly to the stated appointment and purpose and implies no duty to you, or a Straddle Entity, and will in no event establish an agency relationship for tax purposes.

#### **15.11 Severability.**

If any court or Governmental Authority determines a provision of this Agreement is unenforceable, the parties intend that this Agreement be enforced as if the unenforceable provision were not present, and that any partially valid and enforceable provision be enforced to the extent that it is enforceable.

#### **15.12 Cumulative Rights; Injunctions.**

The rights and remedies of the parties under this Agreement are cumulative, and each party may exercise any of its rights and enforce any of its remedies under this Agreement, along with all other rights and remedies available to it at law, in equity or under the Financial Services Terms. Any material breach by a party of Section 7 or Section 8 of these General Terms could cause the non-breaching party irreparable harm for which the non-breaching party has no adequate remedies at law. Accordingly, the non-breaching party is entitled to seek specific performance or injunctive relief for the breach.

#### **15.13 Entire Agreement.**

This Agreement constitutes the entire agreement and understanding of the parties with respect to the Services, and supersedes all prior and contemporaneous agreements and understandings.

# Straddle Payment Services Agreement

Latest Revision: February 14, 2025

## 1. Straddle Payments Services.

These terms (“**Straddle Payments Terms**”) supplement the [Straddle Service Agreement Terms](#) and govern your use of the Straddle Payments Services.

## 2. Your Business.

You are solely responsible for the nature and quality of the goods and services you provide (or if you accept donations, the intended use of those donations), and for Transaction receipts, delivery, support, refunds, returns, and for all other ancillary services you provide to Customers. By using the Straddle Payment Services you consent to Straddle verifying each Customer's identity in accordance with regulatory compliance obligations, determining a Customer's eligibility and authority to complete a Transaction, and all other issues related to your goods and services and business activities.

## 3. Payment Methods and Transactions.

### 3.1 Acceptance and Use Requirements.

As part of the Straddle Payments Services, you may accept payment from / send payment to Customers using various Payment Methods by submitting Transactions to Straddle through the Straddle Technology. All Payment Methods have specific requirements for their acceptance and use. These requirements may be incorporated into the Straddle API and other Straddle Technology, and may be described in the Documentation, the Payment Method Rules and Bank Payment Terms. You must comply with all of these acceptance and use requirements.

### 3.2 Payment Method Rules and Payment Method Terms.

Your acceptance and use of a Bank Payment Method may be subject to Payment Method Rules, Payment Method Terms, or both. Using the Straddle Payments Services to accept a Payment Method or submit a Transaction constitutes your acceptance of the applicable Payment Method Rules and Payment Method Terms (if any). Payment Method Rules and Payment Method Terms are Financial Services Terms for purposes of this Agreement. In the event of any inconsistency between any provision of this Agreement and the Payment Method Rules or Payment Method Terms, the applicable Payment Method Rules or Payment Method Terms will prevail to the extent of the inconsistency. The Payment Method Terms and Payment Method Rules may be amended from time to time. Your continuing use of the applicable Straddle Payments Services constitutes your agreement to those amended terms.

### 3.3 Financial Partners and Sponsor Banks

Some Payment Method Providers require that their Payment Method networks be accessed only through a Insured Deposit Institution or Regulated Financial Institution which may be Straddle, its Affiliate, or a Financial Partner.

Straddle's Financial Partners for Bank Payment Methods are First National Bank of Omaha and Valley National Bank. Straddle may add or remove Payment Method Financial Partners at any time. Any funds at the Financial Partners will be held solely as funds in transit while the Financial Partners and Straddle (acting as a Third Party Sender under the Nacha Rules) complete the settlement of your ACH Entries. No interest will be paid to you on any funds at the Financial Partners and the funds are not FDIC insured. Funds at the Financial Partners are solely funds-in-transit representing individual ACH Entries that are pending disbursement to various accounts pursuant to your instructions received through the payment technology software.

### **3.4 Payment Method Providers and Financial Partners**

Your acceptance and use of the Payment Method may also be subject to Payment Method Rules or Payment Method Terms (or both), as Section 3.2 of these Straddle Payments Terms describes. Payment Method Providers are Financial Partners for purposes of this Agreement. Payment Method Providers may enforce the terms of this Agreement directly against you with respect to that Payment Method Provider's Payment Method(s). A Payment Method Provider may terminate your ability to accept a Payment Method at any time and for any reason, in which case you will no longer be able to accept that Payment Method under this Agreement. Straddle may add or remove Payment Method Providers at any time.

### **3.5 Data Sharing.**

Straddle may share information about your Straddle Account, including User Information, with Payment Method Providers and Financial Partners as Straddle believes necessary to verify your eligibility to use the Straddle Payments Services, establish any necessary accounts or credit with Payment Method Providers and Financial Partners, monitor Transactions and other activity, and conduct risk management and compliance reviews. Straddle may also share data, including Protected Data, with Payment Method Providers and Financial Partners, and they may use and share this data, for the purpose of assessing your compliance with Financial Services Terms and facilitating Straddle's, the Payment Method Providers', and the Financial Partners' compliance with Law, Payment Method Rules and Payment Method Terms. You waive your right to bring any claim against Straddle arising from Straddle sharing information about User Group with Payment Method Providers and Financial Partners, including any inclusion on a Terminated Merchant List that results from this sharing. Straddle may periodically review your Straddle Account information to verify that you are eligible to use the Straddle Payments Services.

### **3.8 Customer Communication.**

When using the Straddle Payments Services you must, with respect to Customers (a) accurately communicate and not misrepresent the nature, amount and currency of each Transaction prior to submitting it for processing; (b) provide a receipt that accurately describes each Transaction; (c) provide a meaningful way to contact you in the event that your goods or services are not provided as described; (d) not use the Straddle Payments Services to sell goods or services in a manner that is unfair or deceptive, exposes Customers to unreasonable risks, or does not disclose material terms of a purchase in advance; (e) inform Customers that Straddle and its Affiliates process Transactions for you; and (f) if you are collecting authorizations electronically, ensure that Customers consent to electronic signatures and delivery of communications in accordance with Law. If you engage in Transactions with Customers who are individuals (i.e., consumers), you must provide the disclosures Law requires, and must not engage in unfair, deceptive, or abusive acts or practices.

### **3.9 Requirements Imposed by Payment Method Rules.**

As required by the Payment Method Rules (a) as between the parties, each party is responsible for the acts and omissions of its employees, contractors, and agents; (b) unless a Payment Method Provider agrees otherwise, you cannot bind a Payment Method Provider to any contract or obligation, and you must not represent that you can do so; (c) you will meet data quality requirements for relevant categories of Transaction data (as described in the Payment Method Rules) and in respect of that data, you must comply with all technical specifications mandated by the relevant Payment Method Provider; and (d) you must ensure that Transaction data that you collect is processed promptly, accurately and completely. You must maintain and make available to Customers a fair and neutral refund and exchange policy, and clearly explain the process by which Customers can receive a Refund. If you opt-out of using Straddle's default Customer notification and receipt messaging, you are solely responsible for providing support to Customers regarding Transaction receipts, product or service delivery, support, returns, refunds, and all other issues related to your goods and services and business activities.

### **3.10 Straddle Watchtower; Your Responsibility for Transactions.**

The Straddle Watchtower fraud prevention services are enabled by default and are governed by the Straddle Service Terms. If you do not wish to use the Straddle Watchtower Services in connection with Straddle Payments Services, you must [contact Straddle support](#) to disable it. You are solely responsible for all losses you and the Straddle Parties incur due to

erroneous and fraudulent Transactions that occur in connection with your use of the Services, including as a result of (a) lost or stolen payment credentials or the details of any accounts that are used to purchase goods or services from you; (b) any changes to the User Bank Accounts; and (c) any unauthorized use of, or access or modification to, your Straddle Account.

## **4. Processing Transactions.**

### **4.1 Payment Authorization Requests.**

(a) *Processing Transactions.* To enable Straddle to process Transactions for you, you authorize and direct Straddle, its Affiliates, Payment Method Providers and Financial Partners to receive and settle, as applicable, settlement funds owed to you through your use of the Straddle Payments Services. You may only submit Transactions that Customers authorize, and only after the applicable goods have been shipped or services provided to the Customer; except, you may submit a Transaction before goods have been shipped or services have been provided to the Customer where the Customer has authorized a Transaction for a partial or full prepayment for goods or services to be provided at a future time, or you have obtained the Customer's consent.

(b) *Transaction Responsibility.* You must not proceed with a Transaction if (i) you know or should have known that the Transaction was fraudulent, not authorized by the Customer, or illegal in your or your Customer's jurisdiction; (ii) you receive a response declining to authorize the Transaction; or (iii) the Customer's ability to use a Payment Method has expired or is no longer valid. You must not split payment for a single transaction into multiple Transactions except as the Payment Method Rules, Payment Method Terms and Acquirer Terms expressly permit. You must not submit any Transaction that duplicates a Transaction that is already subject to a Dispute, or was previously disputed and subsequently resolved in your favor. Straddle may refuse to process, or condition or suspend any Transaction that Straddle believes (x) may violate this Agreement or other agreement you have with Straddle (if any); (y) is unauthorized, fraudulent or illegal; or (z) exposes, or is likely to expose, Straddle, you or others to unacceptable risk.

### **4.2 Pooled Accounts.**

You appoint Straddle and Straddle's Financial Partners, as your agents for the limited purpose of directing, receiving, holding and settling funds under this Agreement. All settlement funds Straddle receives for Transactions are combined with settlement funds for other users and held in one or more Pooled Accounts at one or more Financial Partners. Once Straddle receives funds for a Transaction on your behalf, the relevant Customer has no further obligation to make payments to you with respect to that Transaction, regardless of whether and when Straddle settles those funds to you. If Straddle does not settle funds due to you under this Agreement, you will have recourse only against Straddle and not the relevant Customer. Straddle will promptly update your Straddle Funding Activity to reflect processed Transactions. If, in the capacity as your agent, Straddle or its Affiliate provide a receipt for a Transaction to the applicable Customer, that receipt is binding on you. You have no rights to any Pooled Account, or earnings generated by funds held in any Pooled Account, and are not entitled to draw funds from any Pooled Account.

### **4.3 Transaction Settlement Funds.**

Straddle will transfer settlement funds for Transactions, net of Disputes, Refunds, Reversals and other amounts owed to Straddle, from the applicable Pooled Account to the applicable User Bank Account within the time period stated in the Funding Schedule, unless a Funding Delay occurs and affects the transfer initiation, or Straddle exercises a right under this Agreement to withhold or delay the transfer. However, Straddle may impose an additional holding period before making the initial settlement to a User Bank Account.

### **4.4 Sending Funds to Third-Party Recipients.**

Straddle may offer you the ability to send to a third party funds owed to you as you instruct Straddle (including by sending all or part of the positive balance in your Straddle Account to that third-party recipient's Straddle account or bank account), instead of settling funds to a User Bank Account. If Straddle sends funds to a third-party recipient which may include the use

of a payment intermediary operating on your behalf, as this Section 4.4 contemplates, then Straddle's and Financial Partners's obligations to settle those funds to you are satisfied.

## **4.5 Settlement Fees.**

Straddle is not responsible for any fees imposed by banks to which Straddle transfers funds, including the banks that hold the User Bank Accounts and the third-party recipient accounts.

## **4.6 Subscriptions and Recurring Payments**

If you use the Services to submit recurring or subscription Transactions, then before submitting the initial Transaction, you must (a) inform each Customer that the relevant Transactions will occur on an ongoing basis; and (b) explain the Method for canceling the Customer's recurring billing or subscription. If you use the Services to issue invoices to Customers, you must ensure that the form and content of the invoices comply with Law and are sufficient to achieve the legal or tax effects that you are trying to achieve.

## **4.7 Customer Authorizations.**

You are required by Law and Payment Method Rules to obtain the Customer's authorization (also known as a consent or agreement for the provision of products or services) and make certain disclosures to the Customer. These disclosures may include when, and under what circumstances, the Customer's Payment Method will be charged, how the payment amount will be determined, and how future payments can be canceled. You must retain, and provide to Straddle upon request, records demonstrating that you have (a) obtained any required Customer authorizations in compliance with Law and Payment Method Rules; and (b) only submitted Transactions that you have determined are eligible.

# **5. Actions Straddle May Take in Processing Transactions.**

## **5.1 Reconciliation and Responsibility.**

As between the parties, and except as required by Law, you are responsible for reviewing your Transaction history for accuracy and completeness and reconciling your Transaction history with the history of transfers from the Pooled Accounts to the User Bank Accounts. If you find an error when you reconcile your Transaction history, Straddle will reasonably cooperate with you to investigate and help correct that error as long as you notify Straddle of the error within 60 days after the error appears in your Transaction history. Straddle may correct any errors in your Transaction history by crediting or debiting the User Bank Accounts.

## **5.2 Negative Balances.**

If your Straddle Pooled balance (or the Straddle Pooled balance of any User Entity) is negative, or does not contain funds sufficient to pay amounts that you (or a User Entity) owe to a Straddle Entity or Customers, then without limiting Straddle's rights under Sections 4.2 and 4.3 of the General Terms, Straddle may debit the User Bank Accounts by the amount necessary to collect, and pay out to Customers if applicable, the amounts you owe.

## **5.3 Disputes; Refunds; Reversals.**

Notwithstanding anything to the contrary in this Agreement, you are liable to Straddle for the full amount of all Disputes (unless and until a Dispute is resolved to final disposition in your favor according to applicable Payment Method Rules and as described in the Documentation), Refunds and Reversals regardless of the reason or timing.

(a) *Disputes.* Straddle may delay or withhold paying out a Transaction amount from funds owed to you if Straddle reasonably believes that a Dispute is likely to occur with respect to that Transaction. Straddle may delay or withhold paying out amounts subject to an actual Dispute until the Payment Method Provider resolves the Dispute.

(b) *Refunds*. If you intend to issue a Refund to a Customer, you must initiate a Refund instruction via the Services within 5 days after informing the Customer of your intention. Straddle may refuse to act upon a Refund instruction, or delay executing the instruction, if you are the subject of an Insolvency Proceeding, it would cause a negative balance in your Straddle Account or if Straddle believes that there is a risk you will not meet your liabilities under this Agreement.

(c) *Reversals*. Without limiting Straddle's rights under Sections 5.4 - 5.6 of these Straddle Payments Terms, Straddle may initiate a Reversal if:

- (i) the Payment Method Provider invalidates the Transaction;
- (ii) you receive funds in error for any reason;
- (iii) you were not authorized to accept the Transaction;
- (iv) you receive funds related to activities that violate this Agreement, Law or Financial Services Terms; or
- (v) a Payment Method Provider or Financial Partner requires Straddle to do so under the applicable Financial Services Terms.

#### **5.4 Straddle Remedies – Specific Triggers.**

Straddle may exercise any or all of the remedies stated in Section 5.6 of these Straddle Payments Terms if Straddle determines that a User Entity:

- (a) has incurred or is likely to incur excessive Disputes, Refunds or Reversals;
- (b) has submitted one or more Transactions for goods or services not immediately deliverable to the Customer without first obtaining Straddle's consent;
- (c) has a negative Straddle Pooled balance;
- (d) has experienced or is likely to experience a change in the average time between the initial charge and fulfillment of Customer orders that Straddle considers to be material;
- (e) is or is likely to become the subject of an Insolvency Proceeding;
- (f) has experienced or is likely to experience a deterioration of its business or financial condition that Straddle considers to be material;
- (g) has breached or is likely to breach, or has caused or is likely to cause Straddle to breach, this Agreement (or any other Straddle services agreement with a Straddle Entity) or the Financial Services Terms applicable to the User Entity's use of the Services;
- (h) has violated or is likely to violate Law or Financial Services Terms;
- (i) has caused or is likely to cause Straddle to violate Law or Financial Services Terms;
- (j) has experienced or is likely to experience a Change of Control;
- (k) has, either itself or by way of its employees, agents, directors or contractors, initiated Transactions or undertaken any other action that is or is likely to be fraudulent, suspicious or involve criminal activity;
- (l) has, without Straddle's prior consent, changed its business model (including services supplied by a User Entity to its customers), exposing Straddle to increased risk; or
- (m) has acted in a manner or engaged in business, trading practice or other activity that presents an unacceptable risk.

#### **5.5 Straddle Remedies – General Trigger.**

Straddle may exercise any or all of the remedies stated in Section 5.6 of these Straddle Payments Terms if (a) Straddle reasonably determines that Straddle may incur losses resulting from credit, fraud, criminal activity or other risks associated with a User Entity after these Straddle Payments Terms terminate; or (b) Law requires.

## **5.6 Straddle Remedies – Scope.**

Straddle may, in accordance with Sections 5.4 and 5.5 of these Straddle Payments Terms:

- (a) initiate Reversals;
- (b) change the Payout Schedule or delay or cancel the payout of funds to the User Bank Accounts;
- (c) establish, fund and use a Reserve;
- (d) debit the User Bank Accounts or the bank or financial institution accounts of any or all User Entities;
- (e) suspend or terminate your ability to accept or process Transactions;
- (f) refuse to (i) process Transactions, and (ii) act upon Refund instructions; and
- (g) setoff or recoup all liability that Straddle reasonably determines a User Entity owes to a Straddle Entity under this Agreement or another agreement, against any amounts that a Straddle Entity, owes to a User Entity whether the liability is matured, unmatured, liquidated or unliquidated.

## **5.7 Reserve.**

Intentionally omitted.

## **5.8 Security Interest.**

Intentionally omitted.

## **5.9 Credit Support Requirement.**

Intentionally omitted.

## **6.0 Personal Guaranty.**

Intentionally omitted.

## **7. Post-Termination Obligations.**

### **7.1 Completion of Transactions.**

Following termination of these Straddle Payments Terms, you must fulfill your obligations related to existing Transactions, not accept new Transactions via the Services, and remove all Marks of a Straddle Entity or a Financial Partner from your website (unless permitted under a separate license with the applicable Financial Partner). Straddle will complete Transactions initiated

before termination as long as Straddle would have completed those Transactions were these Straddle Payments Terms still in place (e.g., Straddle will not complete a Transaction if a Financial Partner prohibits Straddle from doing so). Termination does not affect your responsibility for Transactions described in Section 3 of these Straddle Payments Terms.

## 7.2 Provision of Payment Account Details

If these Straddle Payments Terms terminate for reasons other than your breach, then within 30 days after the termination date, you may request in writing that Straddle provide all relevant Payment Account Details to an alternative PCI-DSS Level 1-certified payment processor that you identify to Straddle. Straddle will provide the Payment Account Details that you are entitled to receive to the named payment processor to the extent commercially reasonable. Straddle may delay or refuse any request if Straddle believes the payment processor you have identified does not have systems or controls in place that are sufficient to protect Payment Account Details, that the integrity of Payment Account Details may be compromised, or that Law or Financial Services Terms do not allow Straddle to provide the Payment Account Details.

## 8. User Information Updates.

You must immediately notify Straddle, and provide to Straddle updated User Information, if you experience or anticipate experiencing a material change in the average time between the initial charge and fulfillment of Customer orders. Upon request, you must promptly provide to Straddle information related to Transactions and Disputes, including (a) refund and shipping policies (if applicable); (b) data on captured but unfulfilled charges; and (c) data on the time between charge capture and fulfillment of Customer orders.

## 9. Nacha Data Security Compliance

If you elect to store or hold "Account Data," as defined in the [Nacha Data Security Requirements](#) (including Customer bank account number), you must maintain a system that complies with the Nacha Standards and upon Straddle's request, you must provide to Straddle evidence of your compliance. If you do not comply with the Nacha Standards, or if Straddle or any Payment Method Provider or Financial Partner is unable to verify your compliance with the Nacha Standards, Straddle may suspend your Straddle Account or terminate this Agreement, in whole or in part. If you intend to use a third-party service provider to store or transmit Payment Account Details then you must not share any Payment Account Details with the service provider until you verify that the third party holds sufficient certifications under the Nacha or PIC Standards, and must notify Straddle (of your intention to share Payment Account Details with the service provider.

## 10. Representations and Warranties.

You represent as of the Effective Date, and warrant during the Term, that:

- (a)** You only use the Payment Methods and Straddle Payments Services for bona fide commercial transactions (which must be free of liens, claims, and encumbrances other than ordinary sales taxes) for the sale of goods or services to, or other act with, Customers;
- (b)** Except as Straddle approves, you do not use the Straddle Payments Services for intercompany transactions;
- (c)** You fulfill all of your obligations to Customers;
- (d)** You and your third-party service providers that store, access or transmit Payment Account Details comply with Industry Data Security Standards, as applicable; and
- (e)** You have provided complete and accurate beneficial ownership information for:
  1. All individuals who have twenty-five percent (25%) or more ownership interest in the company; and
  2. At least one individual who exercises substantial control over the company, as defined by 31 C.F.R. § 1010.230(d).

During Straddle's onboarding process, these individuals may be referred to as "Representatives." You agree to promptly update and provide notice to Straddle if there are any changes to these ownership or control structures.

## **11. Indemnification.**

You will indemnify Straddle against all assessments, penalties, fines and fees Payment Method Providers, Financial Partners, and other Financial Partners charge Straddle to the extent arising out of or relating to your use of the Straddle Payments Services in a manner that fails to comply with any Payment Method Rules, Payment Method Terms, or this Agreement. As between the parties, you are responsible for (a) all costs associated with any Payment Method Network-initiated audit or forensic investigation arising out of or relating to your use of the Straddle Payments Services, and (b) all losses, damages, and costs Straddle and its Affiliates incur due to fraudulent Transactions.

## **12. Liability for Failure to Transfer Funds.**

The limitation of liability in Section 12.2(b) of the General Terms will not apply to claims you or your Affiliates make against the Straddle Parties for failing to transfer any settlement funds the Straddle Parties receive and owe to you in connection with the Straddle Payments Services. For these claims, the Straddle Parties' liability is limited to the amount that the Straddle Parties have received and owe, but failed to transfer, to you.

# Bank Payment Services Agreement

**Latest Revision: March 9, 2024**

The Automated Clearinghouse ("ACH") network allows you to collect funds through debit or credit Transactions from US bank account holders. Terms specifically applicable to acceptance of ACH Transactions are stated below. As with all Payment Methods, your use of Straddle's products that access the ACH network, including ACH Direct Debit Payments and ACH Credit Transfer Payments, bind you to the terms stated below, the Nacha Rules, and the [Straddle Services Agreement](#).

You accept and agree to comply with all of these terms.

## Nacha

The ACH network is controlled and managed by the National Automated Clearinghouse Association (Nacha) and its member organizations. When submitting Transactions over the ACH network, you must comply with the [Nacha Operating Rules](#). Payment Method Rules include the Nacha Operating Rules.

## ACH Authorizations

When you collect funds through ACH Network debit Transactions via the Straddle Payments Services, Straddle is operating as a Third Party Sender (as defined in the Nacha Operating Rules) and you understand and accept your role as the Originator (as defined in the Nacha Operating Rules), including to authorize the banks Straddle partners with to enable the submission of Transactions over the ACH Network ("**ODFI Banks**" or "**Sponsor Banks**") on your behalf to and from your Customer's bank accounts.

**You must obtain your Customer's authorization to debit or credit their bank account and initiate a Transaction over the ACH Network. You are responsible for ensuring the authorizations are in a form and manner that complies with the Nacha Operating Rules, Law and the Documentation for ACH Network Transactions.**

You must maintain data sufficient to provide or reconstruct any ACH Network Transaction authorization and provide Straddle with evidence of that authorization upon request. You agree to abide by the requirements outlined in the [Nacha Authorization Requirements](#) documentation.

When you use Straddle to initiate ACH Network Transactions with your Customers, you represent and warrant that:

- (a) you have all necessary authorizations and approvals from your Customers for Straddle to transmit an ACH Network debit or credit Transaction to the Customer's bank account;
- (b) the information you provide Straddle about each ACH Network Transaction is accurate, timely and complete

You further warrant that any ACH Network debit Transaction that you initiate satisfies an obligation or corrects an error. Straddle is not liable for any return, reversal or other failure (or any related costs) arising from your acts and omissions, including failure to obtain your Customer's authorization for an ACH Network Transaction.

## ACH Returns

You understand that: Customers can request an ACH Transaction return if they believe the payment was unauthorized under the Nacha Operating Rules. A Customer's bank is obliged to refund the debits without question, as long as the request was received within 60 days (60 days for consumers and 2 days for businesses) from the settlement date of the original ACH entry. If a return request happens, Straddle will immediately debit your User Bank Account in the amount of the return request.

There is also a process for late returns outside the 60 day window, which is primarily managed by and decided at the discretion of the banks involved in the transaction. If a return request is received outside of the 60 day window, Straddle will contact you

for a copy of the ACH Authorization and attempt to contest the disputed payment on your behalf.

The ACH network does not have its own appeals process, so if you believe a Customer has wrongly requested a return on a Transaction, you'll need to settle the matter outside of Straddle and submit a new Transaction if settled in your favor.

## Bank Account Verification

In accordance with the Nacha ACH Guidelines, Straddle automatically verifies all Customer bank accounts through our Straddle Bridge or Paykeys technology in conjunction with our Bank Payments products. To facilitate bank account verification, Straddle will collect certain Customer bank account information, which information is Straddle Data as defined in the Straddle Services Agreement. Straddle may retain and process this Straddle Data as the terms of the agreement between Straddle and the Customer allows.

## Funds Availability

You may be eligible to opt-in to have ACH Transactions funds made available to you faster than the standard timing for availability. You understand that the ACH return rules and timelines under Nacha Operating Rules remain unchanged if you elect for faster funds availability. If you opt-in for faster funds availability, you acknowledge and accept all risks associated, related to, or resulting from the faster availability of funds, including the risk of higher return or dispute rates. You understand that you continue to be liable to Straddle for the full amount of all Disputes, Refunds and Reversals (as defined in the Straddle Services Agreement) regardless of the reason or timing. Your eligibility to opt-in to faster funds availability is in the sole discretion of Straddle, and Straddle reserves the right to revoke your eligibility at any time. You agree that Straddle, in its sole discretion, may impose daily, transaction or other limits.

## Rules and Regulations

You bear the final responsibility to ensure that your policies and procedures meet the requirements of the ACH Rules and all applicable Regulations. You represent and warrant that all payment requests originated via the Straddle API comply with all applicable Rules and Regulations, including without limitation the following Regulations:

- FTC Act (15 U.S.C. §§ 41, et seq.);
- TSR (16 C.F.R. 310, et seq.);
- Electronic Fund Transfer Act (15 U.S.C. §§ 1601, et seq.) and Regulation E (12 C.F.R. 205, et seq.), if applicable;
- Uniform Commercial Code Article 4-A, if applicable;
- Federal Reserve Board Regulation J, if applicable;
- the rules and sanctions laws of the Office of Foreign Assets and Control ("OFAC");
- Unlawful Internet Gambling Enforcement Act (31 U.S.C. §§ 5361, et seq.) and accompanying regulations (12 C.F.R. 233; 31 C.F.R. 132);
- PACT Act (15 U.S.C. §§ 376, et seq., Jenkins Act (15 U.S.C. §§ 375, et seq. and accompanying regulations; and
- all applicable state laws and regulations.

You shall defend, indemnify, and hold harmless Straddle for any claims, losses, liabilities, costs, fines, or expenses suffered or incurred (including attorneys' fees and costs) relating to, arising out of, or involving any breach of these representations and warranties or failure to comply with any applicable Rules or Regulations. In addition to its cancellation rights described elsewhere in this Agreement, Straddle may immediately cancel this Agreement if Straddle, its sponsor bank partners, or any regulatory agency believes that you are violating or has previously violated any applicable Regulation or Rule or is in breach of these representations and warranties.

## Termination and Suspension

Without limiting Straddle's rights to terminate or suspend your access to the Services under the Straddle Services Agreement, Straddle may also terminate or suspend your access to the ACH Network via Straddle for your violation of the Nacha Operating Rules, including if an ODFI Bank requires your suspension or termination, or if you exceed acceptable limits on returns.

## Requests for Compliance Information

By collecting funds through ACH Network debit Transactions and as required by the Nacha Operating Rules, you will provide information and documentation requested by Straddle or the ODFI Bank (or their designated third-party auditor) for the purpose of ensuring your compliance with these Terms and the Nacha Operating Rules upon reasonable notice. You agree to cooperate with any request for compliance information and to respond to reasonable requests for information necessary to complete the compliance review in a timely manner. Straddle may suspend or terminate your access to the ACH Network via Straddle immediately if you fail to provide information or documentation Straddle requests under this Section.

## Warranty

You warrant to Straddle, as an Originator of Transactions made under the Nacha Operating Rules, that no Transaction delivered to Straddle or the ODFI Bank, if accepted by the ODFI Bank, will cause Straddle or the ODFI Bank to be in violation of any regulation or sanction administered by a Governmental Authority or otherwise cause Straddle or the ODFI Bank to be in violation of Law.

## Account Numbers

Straddle and any other person involved in an ACH Network Transaction may rely on the routing number and account number that you provide when giving a transfer instruction. If the name of the account owner identifies a different person from the account owner identified by the number, Straddle and any other person that handles the instruction may still rely exclusively on the number.

## Acknowledgement of Third-Party Sender Relationship

By agreeing to these terms, you have authorized Straddle to act as your agent and a Third-Party Sender ("**TPS**") in originating ACH Transaction Entries. You acknowledge that Straddle has a legal agreement with one or more Financial Partners who act as the Originating Depository Financial Institution ("**ODFI**" or "**Sponsor Bank**"). You also:

1. assume the responsibilities and warranties of an **Originator** as defined by the Nacha Operating Rules and Guidelines (the "Rules") and agrees to reimburse ODFI for returns, reversals, adjustments, reclamations, and warranty claims and responsibilities related to your ACH Entries;
2. agree to comply with the Rules, including but not limited to the requirements of Article Two (Rights and Responsibilities of ODFIs, Their Originators and Third Party Senders), Rule 2.15 (Obligations of Third-Party Senders, and of ODFIs and Originators that Use Third Party Senders);
3. agree to comply with all applicable state and federal laws, rules and regulations, including but not limited to sanction laws administered by the Office of Foreign Assets Control ("OFAC"), the Electronic Funds Transfer Act, the Unlawful Internet Gambling Enforcement Act and Federal Reserve Board Regulation E (the foregoing and the ACH Rules are, collectively, the "Applicable Rules");
4. acknowledge that ACH Entries may not be initiated that violate the laws of the United States, including but not limited to the sanctions laws, regulations, and orders administered by OFAC, laws, regulations, rules, and orders administered by the Financial Crimes Enforcement Network ("FinCEN") (as such terms are defined below), and any state laws, regulations, or orders applicable to the providers of ACH payment services.

**You understand that both Straddle and its ODFI Financial Partners have the right to:**

1. review, monitor, and audit your ACH transactions, processes, and procedures for compliance with this Agreement and the Rules;
2. restrict or limit the amount or type of ACH Entries processed for your Straddle User Account; and
3. suspend, discontinue, or terminate ACH processing based on its assessment of the risk posed to the ODFI and/or the breach or termination of its agreement with Straddle.

You authorize the ODFI to act on any instruction which has been or reasonably appears to have been sent by TPS or Straddle User Account, including but not limited to funds transfer instructions. ODFI is not obliged to take any further steps to confirm or authenticate such instructions and will act on them without getting further confirmation. You understand that if it or Straddle provides ODFI with incorrect information or if there is any error in the instruction it accepts full responsibility for losses resulting from any of the errors, duplication, ambiguities, or fraud in the information that was provided to ODFI.

ODFI is not responsible to third parties (such as, but not limited to, third party service providers and the third parties to whom wire or ACH debit or credits are transmitted hereunder) and you shall defend, indemnify, and hold ODFI harmless from, the actions or omissions of Straddle, or any claim made against ODFI arising out of your use of the Straddle Services, breach of this Agreement, or breach of any warranty under the Rules. **IN NO EVENT WILL ODFI BE LIABLE OR RESPONSIBLE FOR, AND TPS AND STRADDLE USER ACCOUNT BEAR ALL RISK ASSOCIATED WITH, FOREIGN EXCHANGE CONVERSION AND ANY GAINS AND LOSSES RESULTING FROM THE CONVERSION OF CURRENCIES IN CONNECTION WITH ANY ENTRY.**

This addendum shall survive the termination of the agreement between TPS and ODFI. ODFI shall be considered an intended beneficiary of this Acknowledgment and is entitled to enforce its terms. This Acknowledgment is agreed to in consideration of ODFI's agreement to serve as ODFI.

You waive notice of the ODFI's acceptance of this Acknowledgment.

## **Notice with Respect to Non-Consumer ACH Wholesale Credit Transactions and UCC Article 4A**

(1) Payment Entries may be transmitted through the Automated Clearing House; (2) The rights and obligations of the Originator with respect to such payments shall be construed in accordance with and governed by the laws of the State of New York unless it has been otherwise agreed that the law of some other state shall govern; (3) Credit given by a Receiving Depository Financial Institution (RDFI) with respect to an Automated Clearing House (ACH) credit entry is provisional until the RDFI receives final settlement for such entry through a Federal Reserve Bank or as otherwise provided for under Article 4A; and (4) If a RDFI does not receive such final settlement or payment, you are hereby notified and agree that the RDFI is entitled to a refund from the Receiver the amount of the credit to the Receiver's account, and the party making payment via such entry (i.e. the originator of the entry) shall not be deemed to have paid the amount of such entry.

## **Nested Third Party Senders**

You must not submit ACH Network Transactions as a Nested Third Party Sender (as defined in the Nacha Operating Rules) through the Straddle Payments Services.

# Nacha Authorization Requirements

**Latest Revision:** March 9, 2024

## ACH Authorizations

When you collect funds through ACH debit Transactions, you understand and accept your role as the Originator (as defined in the Nacha Operating Rules). You agree to obtain your Customer's consent to debit or credit their bank account and initiate a Transaction over the ACH network. This consent must be in a form and manner that complies with the Nacha Operating Rules and the Documentation for ACH Transactions. You must maintain data sufficient to reconstruct any ACH authorization and provide Straddle with evidence of that authorization upon request.

Obtaining the proper authorization for ACH transactions is the most important step you can take to protect against disputes, return fees, and reversed transactions.

## Best Practices

According to [Nacha](#) (the organization that oversees the Automated Clearing House (ACH) network) rules, there are only three reasons people can dispute ACH charges to their account:

- If it was never authorized by the account holder or the authorization was revoked;
- If it was processed on a date earlier than authorized; or
- If it is for an amount different than authorized

That's it. And, disputing an ACH charge requires that the account holder provide notice to the bank in writing (or the electronic equivalent) that one of those three conditions exists. (Note that this is significantly different from credit card transactions where a customer can have a charge reversed simply by claiming that the product or service received was not what they expected.)

The key word is *Authorized*—which according to NACHA means something very specific depending on the SEC Codes provided when submitting the transaction via the Straddle API

As part of the authorization process, you are required to collect the following information from your customers and maintain it, whether in digital or paper format, for a period of two years after the date of the last payment initiated under the authorization::

### Clear, legible consent

Your authorization page or consent checkbox must plainly state that you are obtaining consent to debit your customer's bank account for a specific transaction or set of recurring transactions.

One way to achieve this is for the authorization form to have express language such as:

*I authorize (your company) to electronically debit my account and, if necessary, electronically credit my account to correct erroneous debits.*

### Transaction specific details

Date, time of transaction, debiting account info (bank name and last 4 digits of the bank account at minimum,) item purchased, IP address (and corresponding details such as email/phone), frequency if it is a recurring payment

### Client/account information

Name on account/shipping information, any other controls in place to verify the identity of the customer

## Any additional or transaction info

Prior transaction history, particularly for recurring payments (e.g. IP information, other logins, other purchases)

## Receipt of transaction

Prompt your customer to print the authorization and retain a hard copy or electronic copy, and send an e-mail receipt of the processed transaction to your customer.

## Process for revocation

Your authorization flow must provide your customer with a method to revoke authorization by notifying you, so be sure to include a telephone number and/or e-mail address where your customer can contact you. You should display this information on the authorization page and receipt/confirmation sent to the customer after the transaction has been completed.

## SEC Codes

An SEC code is a three letter code that describes how payment was authorized by the consumer or business receiving an ACH transaction.

SEC CODE	DIRECTION	AUTHORIZATION REQUIREMENT
Prearranged Payment & Deposit (PPD) (Corporate to Consumer)	Credits	Authorization required. Oral or non-written means (i.e., voided check) accepted.
Prearranged Payment & Deposit (PPD) (Corporate to Consumer)	Debits	Authorization required. Written, signed or Similarly Authenticated.
Corporate Credit or Debit (CCD) (Corporate to Corporate)	Debits/ Credits	Agreement required for transfers between companies; written authorization implied.
Internet-Initiated/Mobile Entry (WEB) (Corporate to Consumer)	Debits	Similarly Authenticated authorization required due to the nature of the Internet.
Internet-Initiated/Mobile Entry (WEB) (Consumer to Consumer)	Credits	No authorization required.
Point-of-Sale (POS)	Debit/ Credit	Written and signed or similarly authenticated

## Debit Entries to Consumer Accounts (PPD)



**Content:** 2022 NACHA Operating Guidelines

**Section:** Section II Originating Depository Financial Institutions

**Subsection:** Chapter 16 Relationship with Receiver and Authorization Requirements

**SubSubsection:** CONSUMER RECEIVERS

An Originator of a debit entry to a Receiver's consumer account must obtain a written authorization that is signed or similarly authenticated by the Receiver, except as otherwise expressly permitted by the Rules. In addition to meeting the general requirements for all authorizations, as discussed above, the Originator must ensure that each consumer debit authorization includes the following minimum information:

- Language clearly stating whether the authorization obtained from the Receiver is for a single entry, recurring entries, or one or more subsequent entries initiated under the terms of a standing authorization;
- The amount of the entry or entries, or a reference to the method of determining the amount of the entry(ies);
- The timing of the entries, including the start date, number of entries, and frequency of the entries;
- The Receiver's name or identity;
- The account to be debited (this should include whether the account is a demand deposit account or a savings account);
- The date of the Receiver's authorization; and
- Language that instructs the Receiver how to revoke the authorization directly with the Originator. This must include the time and manner in which the Receiver must communicate the revocation to the Originator. For a single entry authorized in advance, the right of the Receiver to revoke authorization must provide the Originator a reasonable opportunity to act on the revocation instruction prior to initiating the entry.

Where an authorization is a standing authorization for the initiation of subsequent entries, the Originator may meet these requirements through a combination of the standing authorization and the Receiver's affirmative action to initiate a subsequent entry.

In any case where the Rules permit an Originator to obtain the Receiver's authorization for a debit by notice to the Receiver, the Originator also may choose, at its discretion, to obtain the Receiver's authorization by a signed, written authorization that meets the requirements described above.

Authentication of Authorization – With the exception of ARC, BOC, RCK, and Return Fee Entries, the authorization must be signed or similarly authenticated by the consumer.

### **PPD Entries and the Similarly Authenticated Standard**

As an alternative to providing a written signature to authorize a PPD debit entry, the consumer Receiver may similarly authenticate the written authorization that was previously delivered to him by the Originator. The similar authentication method must evidence both the consumer's identity and his assent to the authorization.

For example, where there is an existing relationship, the Originator could have previously delivered the written terms of the authorization to the consumer with an explanation of a telephone payment option. The consumer Receiver could authenticate his agreement to the terms of the authorization by key-entering into a VRU or speaking into a recorded line a PIN provided with the authorization that identifies the consumer. (Either the consumer or the Originator could have initiated the telephone call in this case.)

Alternatively, an Originator having no relationship with the Receiver could deliver the terms of the authorization to the Receiver in a catalog mailed on an unsolicited basis. Either party (consumer or Originator) could initiate the telephone call, during which the consumer Receiver would authenticate his agreement to the terms of the authorization by key-entering into a VRU or speaking into a recorded line a PIN printed in the catalog.

When a consumer uses the telephone to similarly authenticate an authorization, Originators should consider the following as best practices:

- The PIN code should be a minimum of four digits.
- If there is not an existing relationship between the Originator and the Receiver, the code should be printed on the written authorization that is in the consumer's possession when the telephone conversion occurs. This demonstrates the consumer's possession of the authorization language at the time of the call.
- Outbound calls by an Originator to a consumer where there is no prior relationship pose heightened risks for obtaining a properly authenticated, bona fide authorization. Originators in these circumstances should pay particular attention to compliance with the Federal Trade Commission's (FTC's) Telemarketing Sales Rule (16 C.F.R. Part 310) and should take steps to ensure that their authorization language is clear, conspicuous, and readily understood by the Receiver, and that their means of authentication unambiguously indicates the Receiver's assent to the transaction.

The Originator must retain a record of any authentication code relayed by the consumer. If the consumer verbally expresses the authentication code, the Originator must make and retain an audio recording of the consumer's statement of the code. If the consumer relays the authentication code by key-entering it into a VRU, a record of the keystrokes must be retained. As with other ACH transactions, proof of authorization is required. Originators must retain a copy of both the written authorization and the consumer's use of the authentication code. Both must be accurately reproduced and provided to the ODFI upon request.

Originators should be aware of the distinction between PPD entries that are similarly authenticated using the telephone and Telephone-Initiated Entries, which are discussed in Chapter 47 of the Nacha Guidelines.

## WEB Debit Entries

Debit WEB entries are used by non-consumer Originators to debit a consumer based on an authorization that is communicated, other than by an oral communication via a telephone call, from the Receiver to the Originator via the Internet or a Wireless Network. Like most other debit entries to consumer accounts, the consumer Receiver's authorization obtained via the Internet or a Wireless Network must be in writing, must be signed or similarly authenticated by the Receiver, and must conform to the minimum standards applicable to all consumer debit authorizations, as discussed in Chapter 16 (Relationship with Receiver and Authorization Requirements) of these Guidelines. (Note: Additional data security requirements and validation of receiver identity and account information also apply to internet-based authorizations.)

To meet the requirement that the authorization be in writing, in the context of WEB entries, the Receiver must be able to read the authorization language displayed on a computer screen or other visual display. The Originator should prompt the Receiver to print the authorization and retain a hard copy or electronic copy. The Originator must be able to provide the Receiver with a hard copy of the authorization if requested to do so. Only the Receiver may authorize the WEB transaction, and not a Third-Party Service Provider on behalf of the Receiver.

The Nacha Operating Rules allow the use of a digital signature or code to similarly authenticate a written authorization. Examples of methods used to similarly authenticate an authorization include, but are not limited to, the use of digital signatures, codes, shared secrets, PINs, biometrics, etc. To satisfy the requirements of the Nacha Operating Rules, which parallel Regulation E, the authentication method chosen must identify the Receiver and demonstrate the Receiver's assent to the authorization.

Originators should understand the distinction between authenticating a Receiver for general use on a website (or marketing purposes, etc.) and authentication in the context of an authorization. Authentication of an authorization is strongest when the authorization and the authentication of that authorization occur simultaneously or nearly simultaneously. Although an initial website session log-in may constitute adequate authentication for a click-through authorization as part of the same session, Originators and ODFIs should consider the strength of the association of an initial log-in with a later authorization. The burden of demonstrating that the authentication process is sufficiently linked to the authorization will be on the Originator and ODFI.

One of the practical considerations for an Originator is how to present an authorization to a Receiver over the Internet that both meets the requirements of the Nacha Operating Rules and is easily understood. As long as the required information is included in the authorization language, Originators have the flexibility to draft the language in any way that is user-friendly for their customers.

Originators must retain records of a Receiver's authorization in accordance with the requirements discussed in these Guidelines. In the physical world this record would be an original or copy of the signed authorization. In the electronic world where the authorization will be similarly authenticated, the Originator must keep a copy of the authorization and a record of the authentication. The Originator must also be able to provide these records to the ODFI upon its request. The ODFI may request these records either for its own use or to forward to the RDFI (the Receiver's financial institution).

In the event that an Originator must demonstrate proof of a Receiver's authorization for a debit WEB entry, it should provide documentation that provides transaction details including Receiver information.

**Example:** Originators can provide a screen shot of the authorization language and then the date/timestamp of the Receiver login and the authorization process that evidenced both the consumers' identity and his assent to the authorization.

### **Copy of Authorization to Receiver**

An Originator must provide the Receiver with an Electronic or hard copy of the Receiver's authorization. The copy may be provided to the consumer via mail, internet/online network, in person or any other method allowable under applicable legal requirements. In circumstances where the consumer signs the written authorization or, alternatively, uses the telephone to similarly authenticate the written authorization by speaking or key entering a code for identification, the consumer has a paper authorization in his possession, which should be retained as the copy of the authorization. The consumer can also request an additional hard copy of the authorization from the Originator. For the Internet/on-line network alternative, the consumer reads the authorization that is displayed on the computer screen or other visual display. The consumer should print the authorization from his computer screen and retain this copy. The Originator must be able to provide the consumer with a hard copy of a debit authorization if requested to do so.

### **Retention of Authorization**

The Originator must retain an original or copy of a written authorization, and readily and accurately reproducible records evidencing any other form of authorization. The record of authorization must be retained by the Originator for a period of two years following the termination or revocation of the authorization. The authorization may be retained as an electronic record that (1) accurately reflects the information in the record, and (2) is capable of being accurately reproduced for later reference, whether by transmission, printing, or otherwise. Standing and oral authorizations have specific retention requirements that are discussed in their respective sections below.

### **Standing Authorizations**

The Standing Authorizations Rule (the Rule) established standards for a standing authorization as an advance authorization by a consumer of future debits at various intervals. Under a Standing Authorization, future debits are initiated by the consumer through further actions. The Rule allows for Originators to obtain Standing Authorizations in writing or orally. The Rule also defines Subsequent Entries, which are individual payments initiated based on a Standing Authorization. Subsequent Entries may be initiated in any manner identified in the Standing Authorization.

The Rule allows Originators some flexibility in the use of consumer Standard Entry Class (SEC) Codes for individual Subsequent Entries. Originators may use the WEB SEC Code for Subsequent Entries when initiated by either a telephone call or via the Internet/wireless network, respectively, regardless of how the Standing Authorization was obtained. In these cases, the Originator does not need to meet the authorization requirements of TEL or WEB, but does need to meet the risk management and security requirements associated with those SEC Codes.

### **Use of WEB Standard Entry Class Code for Subsequent Entries**

At its discretion, an Originator may identify a Subsequent Entry as a debit WEB Entry if the Receiver's affirmative action for the initiation of the Subsequent Entry is communicated by the Receiver to the Originator via the Internet or a Wireless Network, regardless of the manner in which the Standing Authorization was obtained.

### **Standing Authorization requirements**

A Standing Authorization is an advance authorization obtained from a Receiver for one or more future entries (referred to as subsequent entries) that require the Receiver's affirmative action to initiate. An Originator of a standing authorization must meet the minimum standards for a consumer debit authorization identified above, but it may do so through a combination of the standing authorization and the Receiver's affirmative action to initiate each subsequent entry.

As part of the terms of a standing authorization, the Originator must clearly specify the action(s) that the Receiver can take to initiate a subsequent entry. These actions can include, but are not limited to, a telephone call, an internet interaction, or a text message.

Examples of standing authorizations include, among others:

- Bill payment- A standing authorization could allow a consumer to initiate payments on a credit card account intermittently and via various channels (phone, online, mobile app, text, virtual assistant technology, etc.)
- E-wallet /personal financial management- A consumer could provide a standing authorization for future debits related to using an e-wallet or other personal financial management service
- Personal or home virtual assistants - A standing authorization could be used in conjunction with services and apps that allow future e-commerce and payments to be initiated via virtual voice assistant or similar functionality
- Account transfers- A consumer could provide a standing authorization to authorize funding debits to a brokerage account based on investment activity

For a standing authorization, an Originator must retain the original or a copy of each standing authorization for two years following the termination or revocation of the authorization. The Originator must also retain proof that the Receiver affirmatively initiated each payment in accordance with the terms of the standing authorization for two years following the Settlement Date of the entry.

### **Receiver Account Information**

In any case where the Receiver's affirmative action to initiate a subsequent entry involves the communication or confirmation of any of the Receiver's banking information (such as routing number, account number, PIN, or other identification symbol) via an unsecured electronic network, the Originator must comply with ACH data security requirements.

### **Notice of Change in Amount**

If the amount of a debit entry to be initiated to a consumer account differs from the amount of the immediately preceding debit entry relating to the same authorization, or differs from a preauthorized amount, an Originator must send the Receiver written notification of the amount of the entry and the date on or after which the entry will be debited. The Originator must provide this notice at least ten calendar days prior to the date on which the entry is scheduled to be initiated.

### **No Notice Required for Change Within Agreed Range**

The Originator is not required to give the notice above if (i) the Originator provides, and the Receiver chooses, the option to receive such notice only if the amount of the entry falls outside a specified range or if the entry differs from the most recent entry by more than an agreed upon amount, and (ii) the variation in the amount of the entry is within the tolerance agreed to by the Receiver.

### **Notice of Change in Scheduled Debiting Date**

An Originator that changes the scheduled date on or after which debit entries are to be initiated to a Receiver's account must send to the Receiver written notification of the new date on or after which entries are scheduled to be debited to the Receiver's account. The Originator must send such notification to the Receiver at least seven calendar days before the first such entry is scheduled to be debited to the Receiver's account. Variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates

# Bank Account Debit Authorization

## Notice

By using Straddle services, you agree to Straddle and its affiliates' right to debit your User Bank Account and you authorize Straddle and its affiliates to debit your User Bank Account to collect any fees owed or other amounts due to Straddle or its affiliates or to credit or transfer funds to any of your accounts maintained with Straddle or its affiliates. Your authorization to Straddle and its affiliates extends to any bank account that you link to Straddle services (i.e. any User Bank Account).

## ACH Authorization in Accordance with the Nacha Rules

Both parties agree to be bound by Nacha Operating Rules as they pertain to all ACH transactions initiated by **Straddle Payments, Inc** that credit or debit your bank account and acknowledge that the origination of ACH transactions to the listed account must comply with provisions of U.S. law.

I authorize Straddle and Straddle's Affiliates to periodically debit any of your business Bank Account(s) for any amount owed to Straddle or Straddle's Affiliates under the Straddle Services Agreement or to credit or transfer funds to any of my accounts maintained with Straddle or Straddle's Affiliates, until this authorization is revoked. My authorization to Straddle and its affiliates extends to any bank account that you link to Straddle services

I waive any prior notice requirements for Straddle and/or Straddle Affiliates to provide me or my company with notice of a debit for amounts owed to Straddle or Straddle's Affiliates or amounts used to credit or transfer funds to any of my accounts with Straddle or Straddle's Affiliates. I confirm that I, **Primary Account Owner** am the only person required to authorize debits from the Bank Account associated with my Straddle Account. I understand that Straddle and Straddle Affiliates will only debit the Bank Account(s) in accordance with the Straddle Services Agreement or as otherwise agreed between Straddle or Straddle's Affiliates and me.

I may amend or cancel this authorization at any time by providing Straddle with 30 days' notice. For notices to Straddle, you must contact us via toll-free @ (833) 810-1008 phone or email at [support@straddle.io](mailto:support@straddle.io). A notice you send to Straddle is deemed to be received when Straddle receives it.



**This agreement will be populated with the legal name provided when registering for Straddle services.**

# Embedded Account Agreement

**Latest Revision: January 23, 2024**

This agreement governs Embedded Accounts' use of Straddle Embed Services, and describes how Embedded Accounts and their third-party platform provider(s) may use the Straddle Embed Services. This Straddle Embedded Account Agreement ("**Embedded Account Agreement**") forms a legal agreement between Straddle Payments, Inc. ("**Straddle**") and you or the entity you represent ("**you**" and "**your**"). This Embedded Account Agreement governs your rights and obligations when your Straddle Account is enrolled with a third-party platform provider using Straddle Embed Services ("**Straddle Embed Platform**"). The Straddle Services Agreement is incorporated into this Embedded Account Agreement by this reference. Capitalized terms not defined in this Embedded Account Agreement (either inline or by hyperlink), are defined in the Straddle Services Agreement. To the extent that there is a conflict between the Straddle Services Agreement and this Embedded Account Agreement related to your use of the Straddle Embed Services, this Embedded Account Agreement will prevail.

You and Straddle agree as follows:

## 1. Key Definitions.

The following terms are defined in the Straddle Services Agreement, but are repeated below for your convenience (you are a Platform User and Embedded Account as the Straddle Services Agreement defines those terms):

**"Activity"** means any action taken on or related to a Embedded Account that a Straddle Embed Platform or a Embedded Account initiates, submits or performs, either through the Straddle Technology or through the Straddle Embed Services, including communication regarding the Services relating to that Embedded Account.

**"Platform Services"** means the products and services that Platform Users receive from a Straddle Embed Platform, regardless of whether fees are charged (e.g., web development, customer support or hosting services).

**"Platform Provider Agreement"** means, as to each Embedded Account, collectively, the agreements that a Straddle Embed Platform has with that Embedded Account.

## 2. Your Straddle Account.

Straddle Embed Platforms can help you use the Services, which may include the Straddle Payments Services. A Straddle Embed Platform may help you to create your Straddle Account, or enroll your existing Straddle Account with the Straddle Embed Platform. A Straddle Embed Platform may conduct Activity on your behalf and act as a data controller to instruct Straddle to process Your Data (as defined below), as long as it does so according to your Platform Provider Agreement. Activity may be submitted, initiated or performed through the Straddle Dashboard or through the Straddle API, and this includes the communication of information about Transactions (if applicable), as well as other features as described in the <https://docs.straddle.io> or <https://straddle.dev>

A Straddle Embed Platform may restrict your ability to (a) terminate the Straddle Embed Platform's access to your Straddle Account; and (b) view, access or activate certain Services. You should read your Platform Provider Agreement carefully to understand the nature of the Platform Services and the Activity that a Straddle Embed Platform may conduct on your behalf. Straddle only provides the Services described in this Embedded Account Agreement and the Straddle Services Agreement.

## 3. Representation and Warranty; Your Responsibilities.

You represent as of the Effective Date, and warrant at all times during the Term, that the information that you provide to Straddle directly or through a Straddle Embed Platform is accurate and complete. You are solely responsible for, and Straddle disclaims all liability for, the provision of goods and services sold to your Customers as part of your use of the Services, and any obligations you may owe to your Customers. If you use the Straddle Payments Services, you are always financially liable to Straddle for the full amount of all Disputes (including chargebacks), Refunds, and fines that arise from your use of the Straddle

Payments Services, regardless of whether you have agreed to share this liability with a Straddle Embed Platform. These obligations are described in more detail in the Straddle Services Agreement

## **4. Straddle Dashboard.**

Depending on how the Straddle Embed Platform has implemented the Straddle Embed Services, you may be able to directly manage your Straddle Account through the Straddle Dashboard. If you are able to access the Straddle Dashboard, you are responsible for all actions taken on your Straddle Account through the Straddle Dashboard. If you do not have access to the Straddle Dashboard, you must contact the Straddle Embed Platform if you need support or have any questions relating to the Services, this Embedded Account Agreement or the Straddle Services Agreement.

## **5. Relationship to Straddle Embed Platforms.**

### **5.1 Your Data.**

(a) You instruct Straddle to (a) share any data it collects relating to you and to Activity on your Straddle Account (“**Your Data**”) with your Straddle Embed Platforms as necessary to provide you with the Straddle Embed Services and the Platform Services; and (b) process Your Data as described in this Embedded Account Agreement and Straddle’s Privacy Policy. Your Data includes:

- (i) data regarding your Transactions;
- (ii) your Personal Data, and the Personal Data of your Representatives, employees, contractors and agents;
- (iii) your Customers’ Personal Data; and
- (iv) data regarding Activity on any Straddle Account you have enrolled with a Straddle Embed Platform.

(b) You acknowledge that Straddle Embed Platforms may share Your Data with Straddle.

(c) You represent as of the Effective Date and warrant to Straddle at all times during the Term that, to the extent you provide Personal Data to Straddle or instruct Straddle to collect Personal Data, you have provided all notices and obtained all rights and consents necessary to enable Straddle to lawfully collect, use, retain and disclose that Personal Data as described in this Embedded Account Agreement, the Straddle Services Agreement and the [Straddle Privacy Policy](#).

### **5.2 Pricing and Fees.**

Straddle’s standard Fees for the Services are posted on the [Straddle Pricing Page](#); but Straddle may have agreed to Fees with a Straddle Embed Platform that are different from these Fees. Straddle’s Fees will either be disclosed to you separately or will be consolidated with the fees for the Platform Services. Straddle does not control and is not responsible for fees imposed by a Straddle Embed Platform, which should be made clear to you in your Platform Provider Agreement. At the Straddle Embed Platform’s request, Straddle may deduct from your Straddle Account balance both Straddle’s Fees and the fees for Platform Services the Straddle Embed Platform specifies to Straddle.

## **6. Disclaimer; Limitations on Straddle's Liability.**

**Straddle is not responsible for, and disclaims all liability arising from or relating to:**

- (a) any Straddle Embed Platform’s acts or omissions in providing services to you or your customers, or for any Straddle Embed Platform’s failure to comply with the terms of your Platform Provider Agreement;**
- (b) your obligations to your Customers (including to properly describe and deliver the goods or services being sold to your Customers); or**
- (c) your compliance with Laws and obligations related to your provision of goods or services to your Customers, or receipt of charitable donations, including any obligation to provide customer service, notify and handle refunds or consumer complaints, provide receipts, register your legal entity, and other actions not related to the Services.**

**This section is in addition to, and does not limit, the provisions of the Straddle Services Agreement that disclaim or limit Straddle's liability.**

## **7. Other General Legal Terms.**

### **7.1 Term, Termination, and the Effects of Termination.**

(a) The term of this Embedded Account Agreement begins when you enroll your Straddle Account with a Straddle Embed Platform and continues until you or Straddle terminate this Embedded Account Agreement under this Section. You may terminate this Embedded Account Agreement by (a) closing your Straddle Account or (b) unenrolling your Straddle Account from the Straddle Embed Platform Provider. Straddle may terminate this Embedded Account Agreement at any time for any reason by notifying you.

(b) Terminating this Embedded Account Agreement will not immediately terminate the Straddle Services Agreement. Straddle and you may only terminate the Straddle Services Agreement according to its terms. This Embedded Account Agreement will automatically terminate if the Straddle Services Agreement terminates.

- (c) that you have not modified the Straddle Identity Services without Straddle's consent;
- (d) your industry, business activities, licensing and regulatory standing; and
- (e) your purpose for using the Straddle Identity Services.

## **6.2 Obligation to Respond Promptly.**

You must respond to Straddle's requests for information promptly, but no later than 14 days after Straddle's request. Straddle may suspend or terminate your access to the Straddle Identity Services immediately if you fail to provide information Straddle requests under this Section 6.

## **7. Retention and Deletion of Data.**

### **7.1 Data Straddle Stores on Your Behalf.**

(a) You instruct Straddle to store on your behalf a copy of Verification Data for a period of 3 years following verification, or a shorter period as you may instruct according to the Straddle Identity Services Documentation. You are responsible for (i) determining how long Law requires you to store copies of Verification Data; and (ii) storing (either yourself or through Straddle) the Verification Data for the time period Law requires.

(b) Upon termination of these Straddle Identity Terms, Straddle may delete copies of Verification Data that Straddle has stored on your behalf.

### **7.2 Data Straddle Stores for its Own Purposes.**

Notwithstanding Section 7.1 of these Straddle Identity Terms, Straddle may retain a copy of Verification Data as long as Law permits.

## **8. Representation and Warranty.**

You represent as of the Effective Date, and warrant at all times during the Term, that you do not use the Straddle Identity Services for any "permissible purpose" under (and as defined in) the FCRA, or in a manner that would violate the GLBA, the United States Driver's Privacy Protection Act, the United States Health Insurance Portability and Accountability Act, or other substantially similar Law.

# SIGNATURE PAGE

This Agreement has been duly executed and delivered by the authorized representatives of the parties as of the date first written below.

FOR AND ON BEHALF OF:

Employer Identification #: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FOR AND ON BEHALF OF:

**STRADDLE PAYMENTS, INC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_