
**TYRO PAYMENTS LIMITED
ACN 103 575 042**

EMPLOYEE SHARE OPTION PLAN RULES

14 OCTOBER 2016

TYRO PAYMENTS LIMITED
ACN 103 575 042

("the Company")

EMPLOYEE SHARE OPTION PLAN RULES

The purpose of the Employee Share Option Plan ("**Plan**") is to offer Eligible Participants the opportunity to acquire shares in the Company.

The Board has the power to operate the Plan in accordance with the following Plan Rules.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following words and phrases have these meanings in these Plan Rules unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 12(2) of the Corporations Act.

Board means the board of Directors of the Company.

Business Day means a day other than a Saturday, Sunday or public holiday in Sydney, New South Wales.

Ceasing Date has the meaning given to that term in Rule 7.5.

Ceasing Event has the meaning given to that term in Rule 7.6.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time.

Directors means the directors of the Company.

Eligible Participant means full or part time employees and Directors (provided that they hold a salaried employment or office in the Company) of the Company.

Exercise Condition means, in respect of an Option, any condition set out in the Offer which must be satisfied before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

Lapsing Date means, in respect of an Option, the date which is 10 years after the date of the grant of that Option, or such other earlier date as the Board determines in its discretion with respect to that Option at the time of the grant of that Option.

Minimum Period means a period commencing on the date on which the Options are granted and continuing until the earlier of:

- (a) the date which is 3 years after the date on which Options are granted; or
- (b) the date on which the Eligible Participant ceases employment with the Company.

Notice of Exercise of Options Form means the form set out in Schedule 1 to these Rules.

Offer means an offer made to an Eligible Participant to subscribe for one or more Options under the Plan.

Offer Document means an offer document in substantially the same form as set out in Schedule 2, or such other form as prescribed by the Corporations Act or ASIC from time to time.

Option means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

Option Exercise Price means the exercise price of an Option, as determined in accordance with Rule 6.1.

Official List means the official list of ASX Limited ABN 98 008 624 691.

Permanently Disabled means, in relation to an Eligible Participant, an Eligible Participant who the Board deems to be totally and permanently disabled.

Plan means the plan established in accordance with these Rules.

Rules means the rules of the Plan set out in this document and as may be amended in accordance with Rule 13.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Termination for Cause means termination of the employment of the applicable Eligible Participant for breach of that Eligible Participant's terms and conditions of employment.

Trigger Event means:

- (a) a takeover bid made to the Shareholders;
- (b) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or Shareholders or any class of creditors or Shareholders pursuant to section 411 of the Corporations Act;
- (c) the Company passes a resolution for its voluntary winding up;
- (d) an order is made for the compulsory winding up of the Company; or
- (e) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

1.2 Interpretation

In this Plan, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more parties binds or benefits all of them jointly and each of them severally;
- (c) the expression "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns;
- (e) a reference to any document (including the Rules) is to that document as varied, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and

all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) a reference to a clause, rule or schedule is a reference to a clause, rule or schedule of these Rules and a reference to these Rules includes any schedule to these Rules;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to **\$** or **dollar** is to Australian currency.

2. PURPOSE

The purpose of the Plan is to:

- (a) encourage participation by Eligible Participants in the Company through Share ownership; and
- (b) attract, motivate and retain Eligible Participants.

3. COMMENCEMENT

The Plan will commence on the date determined by the Board.

4. OPTION GRANTS

4.1 Entitlements

In determining entitlements of Eligible Participants to Options (if any), the Board will have regard to all of the following:

- (a) the skills and experience of the Eligible Participant;
- (b) the Eligible Participant's length of service with the Company;
- (c) the contribution made by the Eligible Participant to the Company;
- (d) the potential contribution of the Eligible Participant to the Company; and
- (e) any other matter the Board considers relevant.

Any Offer made by the Board pursuant to this Plan will be made on a non-discriminatory basis to at least 75% of Eligible Participants who have been employed by the Company for at least 3 years.

4.2 Number of Options

The number of Options (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Rules and any applicable law.

4.3 No Consideration

Options issued under the Plan will be issued for no consideration.

4.4 Exercise Conditions

The Board may impose conditions, including performance-related conditions, on the right of an Eligible Participant to exercise any Option granted.

5. OFFERS OF OPTIONS

5.1 Offer Document

An Offer must be made using an Offer Document.

5.2 Personal Offer

An Offer is personal and is not assignable.

5.3 Time Period

An Eligible Participant may only accept an Offer within the time period specified in the Offer Document.

6. EXERCISE

6.1 Option exercise price

The Board may, in its discretion, determine the Option Exercise Price for any Options.

6.2 Entitlement

Each Option entitles the holder to subscribe for and be allotted one Share in accordance with these Rules.

6.3 Equal Rank

A Share issued on the exercise of an Option will rank equally in all respects with Shares already on issue on the date of exercise of the Option, except for entitlements which had a record date before the date of issue of that Share.

7. WHEN OPTIONS MAY BE EXERCISED

7.1 Exercise

- (a) Subject to Rules 7.4 and 7.5, an Eligible Participant will be entitled to exercise Options granted as a result of an Offer in respect of which any Exercise Conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) Once an Option is capable of exercise in accordance with this Rule 7.1, it may be exercised at any time up until 5.00pm in Sydney on the Lapsing Date.

7.2 One or Several Parcels

Subject to these Rules and unless otherwise determined by the Board from time to time, Options may be exercised in one or more parcels of any size (whether before or after the grant of any Options).

7.3 Adjustment to Terms of Exercise

- (a) The Board has the power to make adjustments to or vary the terms of the exercise of an Option in its discretion by notice in writing to the relevant Eligible Participant.
- (b) No adjustment or variation of the terms of exercise of an Option will be made without the consent of the Eligible Participant who holds the relevant Option if such adjustment or variation would have a materially prejudicial effect upon the Eligible Participant (in respect of his or her outstanding Options), other than an adjustment or variation introduced primarily:

- (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar Plans;
- (ii) to correct any manifest error or mistake; or
- (iii) to enable the Company to comply with the Corporations Act, any applicable foreign law or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.

7.4 Lapsing of Options

Subject to the terms of the Offer made to an Eligible Participant (and unless Rules 7.6 or 7.7 apply), an Eligible Participant's Options will lapse immediately and all rights in respect of those Options will immediately be lost if, in respect of an Eligible Participant or an Option:

- (a) the Lapsing Date has passed; or
- (b) the deadline provided for in Rule 7.5 has passed (if applicable),

whichever is earlier.

7.5 Cessation of Employment

Where an Eligible Participant ceases to be an employee or Director of the Company for any reason (including termination for cause) prior to the Lapsing Date in relation to the Options granted under an Offer ("**Ceasing Date**") and the Exercise Conditions have been met, the Eligible Participant will be entitled to exercise Options granted as a result of an Offer in accordance with the terms of the Offer and the Rules, for the period starting on the Ceasing Date and ending:

- (a) if the Company is admitted to the Official List on the Ceasing Date, 30 days after the Ceasing Date; or
- (b) if the Company is not admitted to the Official List on the Ceasing Date, on the date that is the earlier of:
 - (i) 3 months after the Ceasing Date; or
 - (ii) 30 days after the date on which the Company is admitted to the Official List,

after which time those Options of the Eligible Participant will lapse immediately and all rights in respect of those Options will be lost.

7.6 Death, Permanent Disability or Retirement

If an Eligible Participant dies, becomes Permanently Disabled or retires, prior to the Lapsing Date of any Options granted to that Eligible Participant ("**Ceasing Event**"):

- (a) The Eligible Participant or the Eligible Participant's legal personal representative (where relevant) may exercise those Options which, at that date:
 - (i) have become exercisable;
 - (ii) have not already been exercised; and
 - (iii) have not lapsed,
 in accordance with Rule 7.6(c).

- (b) At the discretion of the Board, the Board may resolve that the Eligible Participant or the Eligible Participant's legal personal representative (where relevant) may exercise those Options which, at that date:
 - (i) have not become exercisable; and
 - (ii) have not lapsed,
 in accordance with Rule 7.6(c) and, if the Board exercises that discretion, those un-exercisable Options will not lapse other than as provided in Rule 7.6(c).
- (c) The Eligible Participant or the Eligible Participant's legal personal representative (as the case may be) must exercise the Options referred to in Rule 7.6(a) and, where permitted, Rule 7.6(b), not later than the first to occur of:
 - (i) the Lapsing Date of the Options in question; and
 - (ii) the date which is 6 months after the Ceasing Event,
 provided that, in the case of Options referred to in Rule 7.6(b), all Exercise Conditions have been met at that time (unless the Board in its discretion decides to waive any relevant Exercise Conditions).
- (d) Any Options which have not been exercised by the end of the period specified in Rule 7.6(c) lapse immediately at the end of that period and all rights in respect of those Options will be lost.

7.7 Discretionary Exercise of Options

Where an Eligible Participant ceases to be an employee or Director of the Company for any reason, prior to the date on which Options become exercisable, the Board may, in its discretion, determine that some or all of the Options held by that Eligible Participant do not lapse and may be exercised by the Eligible Participant, if otherwise permitted under the Rules, within such additional time as is determined by the Board following the Ceasing Date. Options which have not been exercised by the end of that period lapse immediately and all rights in respect of those Options will be lost.

8. MANNER OF EXERCISE OF OPTIONS

8.1 Delivery to Company Secretary

Options granted to an Eligible Participant can only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- (a) the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration;
- (b) a Notice of Exercise of Options Form addressed to the Company and signed by the Eligible Participant:
 - (i) stating that the Eligible Participant exercises the Options and specifying the number of Options which are exercised; and
 - (ii) specifying the sub-register (if applicable) of the Company in which the Shares referred to in Rule 8.2(a) are to be recorded; and
- (c) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised (unless there is no exercise price payable in respect of the Options to be exercised).

8.2 Issue of Shares

If the items specified in Rule 8.1 are delivered in accordance with that Rule, the Company will:

- (a) within 10 Business Days of delivery of the documents referred to in Rule 8.1, issue to the Eligible Participant the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under Rules 9 and 10 in consequence of the exercise of the Options; and
- (b) cancel the certificate delivered pursuant to Rule 8.1(a) and, if any Options which have not lapsed remain unexercised, deliver to the Eligible Participant a replacement certificate reflecting the number of those Options which remain unexercised.

8.3 Death of Eligible Participant

If an Eligible Participant has died after the Company has received a Notice of Exercise of Options Form:

- (a) the Eligible Participant's legal personal representative will stand in the place of the Eligible Participant for the purposes of Rules 8.1 and 8.2 in respect of the Shares to be issued as a result of the Company receiving the Notice of Exercise of Options Form; and
- (b) Rule 7.6 will apply to the Options (if any) of that Eligible Participant which are not the subject of the Notice of Exercise of Options,

subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a Shareholder in respect of the Shares held by the Eligible Participant.

8.4 Beneficial Owner of Shares

From and including the date of issue to an Eligible Participant of any Shares in accordance with these Rules, the Eligible Participant will:

- (a) be the beneficial owner of those Shares; and
- (b) subject to the Corporations Act and the Company's Constitution, be entitled to deal with those Shares as beneficial owner.

9. NEW SHARE ISSUES

9.1 Participation generally

- (a) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options or this Plan.
- (b) Options do not entitle the Option holder to receive notices from the Company (other than as expressly provided in these Rules), or to attend or vote at any general meeting of Shareholders.

9.2 Reorganisation

Subject to the terms of any Offer, the Company may reorganise its capital without reorganising the Options, provided that if Options are to be reorganised (subject to these Rules), that reorganisation must apply equally and in the same manner to all Options.

9.3 Cumulation of Adjustments

Effect will be given to this Rule 9 in such manner that the effect of the successive applications of it is cumulative, with the intention being that the adjustments it progressively effects will reflect previous adjustments.

9.4 Notice of Adjustments

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Eligible Participant.

10. TRIGGER EVENT

Notwithstanding the Rules, upon the occurrence of a Trigger Event, the Board may determine:

- (a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide, so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will immediately advise each holder in writing of such determination. From that point, the Options will lapse to the extent that they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event. In this event, the Board will determine an appropriate period during which the holder can elect to accept the offer and, if the holder has not so elected at the end of that period, the Options will immediately become exercisable and, if not exercised within 10 days, will lapse.

11. MINIMUM HOLDING PERIOD

- (a) An Eligible Participant must not sell or transfer Options issued under this Plan until the expiry of the Minimum Period.
- (b) If Options are exercised before the expiry of the Minimum Period, the Eligible Participant must not sell or transfer the relevant Shares until the expiry of the Minimum Period.

12. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding the Rules or the terms of any Option, no Option is to be offered, granted or exercised (and no Share may be issued) under the Plan if to do so:

- (a) would contravene the Corporations Act or any other applicable law; or
- (b) would contravene the local laws or customs of an Eligible Participant's country of residence or, in the opinion of the Board, would require actions to comply with those local laws or customs which are impractical.

13. AMENDMENT OF RULES

The Board (without obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend all or any provisions of the Rules in any respect, by an instrument in writing, provided that rights or entitlements in respect of any Option granted before the date of amendment are not to be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.

14. ADMINISTRATION OF PLAN

- (a) The Board can appoint such persons as it considers desirable to carry out the proper administration and management of the Plan. The Board can delegate to

those persons such authorities as considered necessary or desirable for the administration and management of the Plan.

- (b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.
- (c) The decision of the Board as to the interpretation, effect or application of the Plan or Rules will be final.
- (d) Any discretion to be exercised by the Board under these Rules is to be exercised in the Board's absolute discretion.

15. RIGHTS OF ELIGIBLE PARTICIPANTS

- (a) Participation in the Plan by the Company or any Eligible Participant, or anything contained in these Rules, will in no way prejudice or affect the right of the Company to dismiss any Eligible Participant or to vary the terms of employment of any Eligible Participant.
- (b) In addition to Rule 15(a), participation in or the rights or benefits of an Eligible Participant under the Rules will not be considered relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Participant against the Company whether in respect of any alleged wrongful dismissal or otherwise.

16. ATTORNEY

Each Eligible Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "**attorney**"), severally, as the Eligible Participant's attorney to complete and execute any documents (including applications for Shares and Share transfers) and to do all acts or things on behalf of and in the name of the Eligible Participant which are convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the Eligible Participant will ratify and confirm any act or thing done pursuant to the power granted pursuant to Rule 16(a);
- (c) releases the Company and the attorney from any liability arising from the exercise of the powers conferred by Rule 16(a); and
- (d) indemnifies and holds harmless the Company and the attorney in respect of the power granted pursuant to Rule 16(a).

17. NOTICES

Any notice to Eligible Participants is to be given in such manner as the Board determines.

18. GOVERNING LAW

This Plan is governed by and must be construed and take effect in accordance with the laws of New South Wales.

SCHEDULE 1

NOTICE OF EXERCISE OF OPTIONS FORM

To: The Board
Tyro Payments Limited

I/ We _____ of _____
_____ being registered holder(s) of the options to subscribe for fully paid ordinary shares in the Company set out on the certificate annexed to this notice, hereby exercise _____ of the abovementioned options. I/We enclose my/our cheque for \$ _____ in payment of the application monies due in respect of those shares calculated on the basis of \$ _____ per share.

I/ We authorise and direct the Company to register me/us as the holder(s) of the shares to be allotted to me/us and I/we agree to accept such shares subject to the provisions of the Constitution of the Company.

Dated the _____ day of _____ 20 .

Signature of Holder(s)

Note:

1. Each holder must sign.
2. An application by a company must be executed in accordance with section 127 of the *Corporations Act 2001* (Cth) and, if signing for a company as a sole director/secretary, ensure "sole director" and "sole secretary" is written beside the signature.
3. Cheques should be made payable to "Tyro Payments Limited".

SCHEDULE 2
OFFER DOCUMENT

[Insert Name and address of employee]

Dear [*]

EMPLOYEE SHARE OPTION PLAN

The board of directors of Tyro Payments Limited (“**Company**”) is pleased to make an offer to you of [*] Options pursuant to its Employee Share Option Plan (“**Plan**”). Attached is a copy of the Plan which sets out the terms and conditions of the Options.

The Company informs you of the following significant conditions of the Options:

- (a) this Offer remains open for acceptance by you for 14 days from the date of this letter (“**Offer Period**”);
- (b) the Options under the Plan will be granted to you for no consideration;
- (c) the exercise price of each of the Options (“**Option Exercise Price**”) will be \$[*];
- (d) the latest issue or sale price for a share in the Company is \$[*];
- (e) the Options will vest in accordance with the Plan in equal amounts each month over 5 years starting on [*] (ie 1/60th each month). For simplicity this will be [*] Options vesting at the end of each month, commencing [*] until [*], with the balance of [*] Options vesting on [*]. Subject to any Rule of the Plan to the contrary (including Rules 7.6 and 7.7), Options will cease to vest on the date that you cease to be employed by the Company or resign or are removed as a Director of the Company (as applicable).
- (f) once vested, there are no conditions which must be satisfied before the Options can be exercised;
- (g) in accordance with Rule 11 of the Plan, the Options must not be sold or transferred before the expiry of a minimum period of 3 years from the date on which they are granted or until you cease employment with the Company. If exercised during this period, the relevant shares issued on exercise of the Options must not be sold or transferred until the expiry of the minimum period;
- (h) the expiry date of the Options will be no later than [*] from the date of the grant of the Options. As specified in the Plan, the Options may expire earlier in certain circumstances, in particular if you leave the Company before the Options are exercised.

The Company undertakes that during the period commencing on the date of this letter and expiring at the end of the Offer Period, it will, within a reasonable period of you so requesting, make available to you the latest issue or sale price for a share in the Company.

Please note that there may be tax implications of subscribing for Options. You will be solely responsible for any taxation liability arising in relation to the Options. We recommend you obtain professional investment advice from your accountant, professional taxation adviser, lawyer or other professional adviser (as applicable) as to the implications of participating in the Plan.

The terms and conditions of this offer are strictly private and confidential and accordingly, you should not disclose these terms and conditions to any person other than your professional advisers.

Could you please confirm your acceptance of the offer set out in this letter by signing in the appropriate place below and returning it to the Company by post, facsimile or email.

Yours faithfully

**[*]
For and on behalf of
Tyro Payments Limited**

Encl. Tyro Payments Limited

I agree to the terms and conditions set out above and accept the offer of Options as contained in the letter set out above.

Signature of Employee: _____

Name (print): _____

Date: _____