



**MEMBERS INFORMATION  
BOOKLET (MIB)**

## **EASY REFERENCE INDEX**

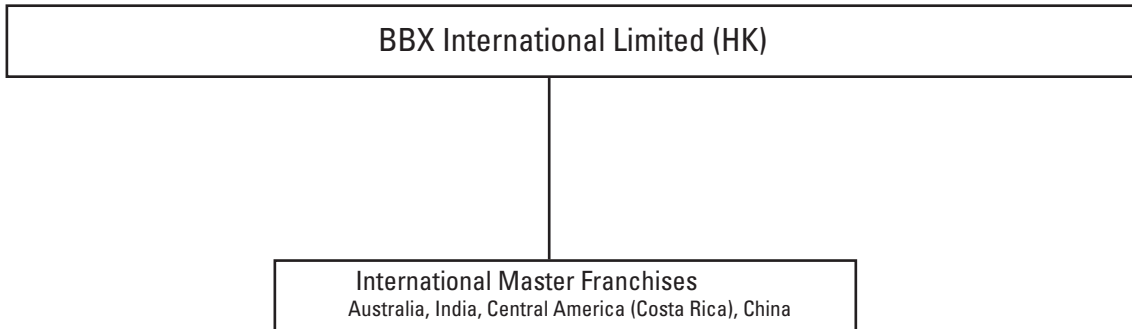
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## MEMBER BENEFITS & SERVICES

- Cashless trading
- Increasing sales
- Increasing business revenue
- Offsetting business expenses
- Offsetting private expenses
- Networking business to business
- Capitalising on down time
- Moving surplus stock
- Interest free trading lines of credit
- Interest free Investment loans
- Trading nights and Expos



## COMPANY AND MANAGEMENT PROFILE



### BBX INTERNATIONAL FRANCHISES

#### FRANCHISES

##### **BBX MANAGEMENT PTY LTD (Aust.)**

**Executive Director**  
Michael Touma

##### **BBX INDIA PVT. LTD**

**Directors**  
Amar Chandhok

##### **BOLSA DE INTERAMBIO BBX CENTROAMERICA S.A.**

**Directors**  
Silvia Jacobo  
Mariamalia Jacobo

##### **BBX MANAGEMENT LTD (NZ)**

**Director**  
Michael Touma

### COMPANY EXECUTIVES & SENIOR MANAGEMENT

**Managing Director**  
Michael Touma

**Chief Operating Officer**  
Carolyn Macdonald

**Chief Financial Officer  
& Company Secretary**  
Tim Creasy

**Administration Director**  
Mireille Touma

**National Support Manager**  
Magali Russo

**National Marketing Manager**  
Rick Powell

## EXECUTIVE DIRECTORS' PROFILES

**POSITION:** Managing Director

**NAME:** Michael Touma

### **BUSINESS BACKGROUND:**

- Michael is the founder of BBX.
- Prior to the opening of BBX in South Australia in April 1993, Michael had extensive experience in the barter industry. Michael and wife, Mireille, identified the advantages of trading and previously joined the Exchange (Contrabank) that founded the industry in Australia. Michael saw the opportunities in the barter industry and went on to open the BBX Trade Exchange in Adelaide.
- After the first month of operations BBX had acquired a client base of fifteen members and their total trade volume was \$14,000. BBX now has a membership of over 5,000 in Australia and New Zealand with annual trade volume approaching A\$200 million, plus a growing membership base in overseas franchise areas such as India, Costa Rica and China that will significantly grow trading volume within the Company.
- Michael has extensive knowledge in retail management. His past experience includes senior management with Australian Safeway and major department stores, including Waltons, and operation of several cafeterias, licensed restaurants and major supermarket chains. This retail experience has given Michael the winning edge in having knowledge and understanding of the needs of small to medium businesses and his understanding of the operations of a trade exchange is second to none.
- Michael is qualified as a Certified Trade Broker and holds a Real Estate licence.

**POSITION:** Chief Operating Officer

**NAME:** Carolin Macdonald

### **BUSINESS BACKGROUND:**

- Carolin has been involved with BBX since its inception in April 1993, working in the Company's office in Adelaide prior to relocating to Sydney, where she is involved with the day-to-day operations of all areas and systems within BBX.
- Carolin is presently the Chief Operating Officer, responsible for day to day operations and real estate, and has been an Executive Director of the Company since 1997.
- During this time Carolin has gained unique experience with the growth of BBX, working side by side with her parents building the BBX network to the success that it is today.
- Carolin is a Certified Trade Broker, licensed Real Estate agent and also a Justice of the Peace in New South Wales.

**POSITION:** Chief Financial Officer

**NAME:** Tim Creasy

### **BUSINESS BACKGROUND:**

- Tim is a Chartered Accountant, Certified Practising Accountant and Fellow of the Taxation Institute of Australia.
- Tim gained his degree and qualifications in Adelaide and spent 4 years with international chartered accounting firm Touche Ross before joining a smaller firm in 1985 where he was a partner for 16 years.
- Having consulted to a wide range of SME's in the areas of taxation and business development, Tim has a wealth of experience dealing with both small and large businesses during various phases of their development.
- Prior to joining BBX, Tim had a good working knowledge of the Company, its business model and financial aspects of its operations, as well as the barter industry in general, gained over many years since the commencement of BBX.

## SENIOR MANAGEMENT PROFILES

**POSITION:** Administration Director

**NAME:** Mireille Touma

### **BUSINESS BACKGROUND:**

- Mireille has been involved with BBX since its inception in April 1993 and has been responsible for the operation and development of the administration and accounting systems of the BBX Trade Exchange.
- Mireille is the backbone of the financial and accounting system. Her background in accountancy, having qualified as an Accountant in France, has helped the Exchange to be second to none in areas of concern to members, such as the accuracy of statements, transactions and authorisations.
- Mireille's experience stems back to that of major retailing in Australia, having served as an Administration Officer for Australian Safeway Supermarkets. She had under her control and direct supervision in excess of 200 staff. Mireille was regularly consulted in the structuring of office management and front-end supervision.
- The dedication Mireille has shown to the BBX Trade Network has been a major contribution to the outstanding success of the BBX Trade Exchange with market respect and credibility, and confidence and trust of members.
- Mireille is qualified as a Certified Trade Broker.

**POSITION:** National Support Manager

**NAME:** Magali Russo

### **BUSINESS BACKGROUND:**

- Magali has been involved with BBX since 1994.
- Initially Magali began employment with BBX as a Trade Coordinator in Sydney. She moved her way to Head Trade Coordinator. The growth and branching out of BBX nationally and internationally gave Magali the opportunity to run BBX operations in Queensland, which she has done successfully for a number of years.
- Prior to commencing with BBX, Magali owned and operated a successful photographic business. The knowledge and self discipline required to operate her own business, meet targets and understand customer relations has given Magali the experience to successfully handle senior management roles in the company.

**POSITION:** National Marketing Manager

**NAME:** Rick Powell

### **BUSINESS BACKGROUND:**

- A strong background as a self employed businessman for over 25 years in the entertainment and marketing industries allows Rick to utilise his skills to benefit both BBX and its members in branding, marketing and promotion.
- As a former BBX franchise owner and Licensee, Rick has had broad experience within the barter industry and a thorough knowledge of how it can benefit business in general.
- With a focus on attaining national and global recognition of the BBX brand name, Rick believes BBX will gain the recognition and credibility it thoroughly deserves from business communities both here and overseas from strong branding and sponsorship campaigns aimed at the professional business sector.



## **INTRODUCING THE BBX COMPUTERISED TRADING PROGRAM**

- All businesses naturally seek to maximise their own profits, and fundamental economic principles dictate that the two basic ways to increase profits are to (a) Increase Sales and (b) Cut Costs. There are various ways by which businesses can try to achieve these objectives but each method usually has its associated difficulties. Not so with the Trading system!
- A trading network represents a captive market of businesses within which members can buy and sell goods and services by using a simple means of debits and credits, instead of having to use cash!
- This cashless process is supplementary to the existing cash business of each member and means (a) Members are able to utilise the idle capacity of their business and earn trade dollar credits, by making incremental sales to customers who they may otherwise not have had access to, and (b) Members are able to spend trade dollars to purchase various goods and services for which they would otherwise have needed to expend cash, which would have depleted their cash reserves.
- The net effect of this trading process on any participating business is that cash income IS NOT REDUCED but cash expenditure IS REDUCED. Consequently, cash profits ARE INCREASED by virtue of conserving cash! In other words, the extra sales generated by trading clearly give rise to extra profits, regardless of the fact that the trading process is different to that of the cash system.
- The BBX trading program provides an extensive range of benefits to its members both as buyers and sellers. The following summary of benefits to members can be explained in greater detail by one of the professional BBX Brokers/Sales Consultants.

### **BENEFITS - As a Buyer and a Seller**

- ✓ You will have a personal Account Manager.
- ✓ You will gain additional market share.
- ✓ You can increase the value of your business.
- ✓ You will have a Directory listing of Members.
- ✓ You will gain more leverage in your purchasing.
- ✓ You can purchase outside of the trading network.
- ✓ You will utilise the idle capacity of your business.
- ✓ You will improve the profitability of your business.
- ✓ You will not incur bad debts under the trading system.
- ✓ You can provide productivity incentives for your staff.
- ✓ You can enhance your own personal buying and lifestyle.
- ✓ You will increase your turnover through incremental sales.
- ✓ You will be invited to functions, seminars and trade shows.
- ✓ You can use the Exchange as your selling and buying agent.
- ✓ You will possess an edge over the majority of your competitors.
- ✓ You can take advantage of the Exchange's professional services.
- ✓ You can access over 100,000 businesses in Australia and overseas.
- ✓ You can use trading in ways that will increase your cash sales.
- ✓ You will have greater buying power via your 'own marginal cost'.
- ✓ You will conserve cash through savings in your regular cash flow.
- ✓ You can offset your purchases with new sales of your own product.
- ✓ You can operate an interest-free line of credit for trading purposes.
- ✓ You will be exposed to a new and captive market of fellow businesses.
- ✓ You will have access to 24-hour telephone authorisation services
- ✓ You will have access to BBX iPos and WebPos automated systems for processing and authorising transactions

The level of benefits is directly related to the level of activity by the member in both actively buying and selling via the Exchange. The more frequently a member trades, the more valuable the trading system will be for them.

## POTENTIAL RISKS FOR MEMBERS

As with any business decision, there can be an element of risk and the following is designed to inform potential members of the extent of any such risk associated with their membership of the Exchange. You may wish to discuss the following with your advisers prior to formalising your membership.

Generally speaking, the risks for members is restricted to:

- **On-going viability of the management company.**
- **Closure of the exchange.**
- **Member businesses closing down.**

**Q. What happens if the Exchange closes for business?**

*A. See page 15 - DISSOLUTION OF TRADING PROGRAM*

**Q. What if the Exchange company is sold or changes hands?**

*A. In the normal course it would be business as usual, under the new management.*

**Q. What happens if a member business closes up or goes out of business?**

*A. See page 14 - DEBT RESERVE FUND*

**Q. What happens if I'm unhappy with the quality of work or products sold to me by other members?**

*A. See page 12 - WHAT ARE MY CONSUMER RIGHTS AS A MEMBER?*

Should the trading program cease trading, members in debit may be required to make good all debit balances in cash. The ongoing success of the manager is affected by the growth in new members.

## THE CONCEPT OF RECIPROCAL TRADE

- Direct exchanging of goods and services was once the only way to conduct business. It was called the TRADING system (BARTER).
- A common medium of exchange was invented to simplify business transactions. It was called the CASH system (MONEY).
- However, cash is often an impediment to commerce, especially when businesses are confronted with cash shortages, severe competition and/or idle capacity.
- In the economic world of today, many progressive businesses have now discovered the secret to overcoming these shortages - SUPPLEMENT the CASH system with the cashless TRADING system!
- The BBX trading program provides businesses with a proven and innovative means of utilising 'idle capacity' such as excess stock, unsold space, uncharged hours, etc.
- Any degree of idle capacity represents lost potential for a business to finance the purchase of various goods and services needed to maintain its own operation.
- Purchases made by a business, through a Computerised Trading Program such as BBX, are offset (paid for) by that business making additional sales of its own goods or services within the Trading Program itself.
- Organised Trading Programs, which operate as 'Trade Exchanges' or as 'Business Barter' organisations, have existed in the major countries of the world for many years and have been active in Australia for more than 15 years.

## OPERATION OF THE BBX COMPUTERISED TRADING PROGRAM

- The age-old form of trading/barter is restricted to "one-on-one" transactions between two parties. Such reciprocal dealings have obvious limitations concerning the matching of each party's needs, value to be exchanged and timing in relation to the goods or services involved.
- The advent of the computer age has enabled a third party to enter the trading/barter process. This approach has eliminated most problems associated with the "one-on-one" transactions and has made trading as flexible as the cash system.
- The third party is the Trade Exchange itself which, like a bank, acts as a "central clearing house" or record keeper between member traders.
- A medium of exchange has been created for trading purposes only. This medium uses the currency of "Trade Dollars" which are simply book-entry debits and credits (ie. non physical accounting units).

- For accounting and taxation purposes trade transactions are valued on the basis that one trade dollar is equivalent to one cash dollar (refer ATO ruling IT2668). The transactions are conducted in a manner similar to standard credit card transactions. Each member is issued with a plastic BBX trading card. An authorisation is required for all transactions, which can be obtained by telephone, a computer desktop software application developed and supplied by BBX, or via the BBX web site.
- The Exchange operates a computerised trading account for each member with individual Credit limits set according to the trading capacity of the member. The processing of each transaction results in the Selling Trader's account being credited with the specified trade dollar value, and Buying Trader's account being debited by the same trade dollar value. The Exchange provides all members with a monthly statement of their trade account.
- This computerised system of trading using its own currency means that, unlike traditional methods of bartering, traders are not restricted to an exchange of goods or services between two parties. That is, a selling trader does not have to buy from the same trader whom he sells to, and vice-versa, since trade dollar credits are redeemable in any business within the network of BBX Exchange members.
- In its role as the Exchange manager, BBX provides an attractive range of services to its members:
  1. As a **Marketer**, BBX actively promotes a member's goods or services to a captive market formed by the network of other member's businesses. That is, the Exchange acts as a "promoter" through its publication of a master directory, new member's details, trading posts, newsflashes, newsletters, emails, frequent Trade events (dinners, functions, shows or auctions), web site, auction site and personal contact with the members.
  2. As a **Broker**, BBX actively seeks trading opportunities for all its members by sourcing goods or services which members require.
  3. As a **Record-Keeper**, BBX functions like a computerised bank or clearing house, providing monthly statements of members' trading activities.
  4. As a **Consultant**, BBX provides its members with the knowledge, procedures, tools and contacts necessary to conduct successful trading within the BBX network.

## QUESTIONS & ANSWERS ABOUT THE BBX COMPUTERISED TRADING PROGRAM

### WHAT COMMODITIES ARE TRADEABLE?

Any goods or services that represent a cost to the business, such as advertising, printing, stationery, vehicle maintenance and repairs, tradesmen and professional services, hire equipment, travel and entertainment. There is really no limit and purchases can be for either personal or business reasons.

### WHAT DOES IT COST TO BECOME A MEMBER?

1. Marketing Fee - a once only initial membership cost (not subject to annual renewal other than for Black card membership). There are different membership plans available.
2. Administration Fee - an annual charge covering account service and debt reserve fund contribution, charged at commencement of membership and on the anniversary of each subsequent year of membership. The fee can be paid monthly if desired.
3. Transaction/Service Fee - a small percentage of the face value of every trading transaction. This is a performance based fee - that is, no sale no fee.

It is important to recognise that these costs are very minimal, by comparison with the additional sales and profitability that the trading system may bring to its member businesses. BBX fees are GST inclusive and tax deductible.

### **WHAT ARE THE REGULATIONS REGARDING TAXATION?**

Trading is not a means of avoiding tax. Trade income is tax assessable and trade expenditure for substantiated business purchases is tax deductible, along with all associated BBX fees. Refer Australian Taxation Office (ATO) Ruling IT 2668.

This simply means that the trader should account for trading transactions in their cash receipts and cash payments books, or other financial records, and that they should keep copies of trading documentation and statements for accounting purposes. Remember, trading is a marketing tool.

### **WHAT IS A BASIC EXAMPLE OF TRADING?**

Members of a trade exchange are not just selling on trade; they are also buying on trade. For example, if you make a sale of your goods or services in return for 1000 trade dollars, and it actually costs you \$400 to buy those goods or services, you are out of pocket by the \$400 only since the fixed costs of your business are not accountable with any trade sale. (Remember, these are sales made out of the previously "idle capacity" of your business, or in other words, sales which you would otherwise not have made were you not in the trading system). However, when you spend the 1000 trade dollars to buy something which you would normally have paid \$1000 cash for, you are effectively conserving \$600 in Cash! This means that you have obtained \$1000 worth of goods or services for an outlay of only \$400 plus fees (i.e. you are purchasing at your own "marginal cost").

### **WHAT PROTECTION IS THERE AGAINST TRADING COMPETITION?**

Exchanges are structured to provide members with goods and services which complement each other. While some competition is good for business, too much is detrimental. BBX ensures that each member has a fair chance of regular trading and that uneconomical price discounting does not occur, as it does in normal business and consumer markets. It also means that if you have the opportunity to join ... 'take it - before your competitor does!'

### **BRIEF HISTORY OF RECIPROCAL TRADE**

The Reciprocal Trade industry began in the United States of America over 40 years ago and today there are over 300 retail trade exchanges in the United States.

The development of the Personal Computer has allowed for accurate financial control and management of trade exchanges, as compared to 40 years ago when most transactions were handwritten.

The 2004 bi-annual survey conducted by International Reciprocal Trade Association (IRTA) - estimates the total value of goods and services exchanged by business through reciprocal means in that year was \$8.25 billion, with 75% of this amount processed through formal barter exchange companies such as BBX.

### **BBX TRADE EXCHANGE STRUCTURE**

BBX International Limited (HK) holds the International Franchising rights to the BBX brand and owns the intellectual property and trade marks.

In Australia, BBX Management Limited delivers these tasks via its brokerages (franchises) and company owned brokerages, staff and Multitrade Licensing Program.

BBX Management Ltd. (NZ), BBX Central America and BBX India currently operate International Franchises, each of which is 20% owned by BBX International Limited (HK).

In each of the countries and regions where BBX is represented, BBX International Limited (HK) is responsible for delivery of these tasks via Master Franchises in those countries.

## **BBX MANAGEMENT FUNCTIONS**

BBX prides itself in its excellence and quality of service to its members. In order to maintain the expectations of members, BBX is required to:

- Process all legitimate transactions.
- Conduct the management of the Exchange at all times in a professional and ethical manner, to maintain records and bookkeeping at a high standard.
- Set and review approved credit limits in accordance with the Rules of the Trading Program having regard to the historical trading of each member.
- Deliver in a professional manner BBX statements to all active members of the trade exchange.
- Organise the delivery of newsletters, directories, updates, functions, trade sales, trade nights, expos, auctions and seminars, and other material that may arise for the benefit of the trade exchange and members, from time to time.
- Source new members and expand areas of trade and process applications according to applicant's viability and the Rules of the Trading Program.
- Administer the Rules of the Trading Program.
- Administer the Debt Reserve Fund (refer page 14).
- Levy and collect fees generated by the Trading Program (refer Schedule of Fees, page 11).

## **PARTIES INVOLVED IN THE EXCHANGE STRUCTURE**

**1) THE MANAGER** – Performs all operational tasks including sourcing new members, coordinating trade, processing and storing transaction vouchers, producing statements, allocating credit limits and other tasks. The Manager may contract some of these tasks to Franchisees/Brokers, Staff and Consultants, or other Agents.

**2) THE MEMBERS** – Members of the "Trading Program" must trade within the parameters set out in the Rules of the Trading Program and the Member's Information Booklet.

BBX Management will maintain a complete list of all members, which is available for viewing at the BBX Management office and BBX web site ([www.ebbx.com](http://www.ebbx.com)). Further, a printed Directory of members including listings of products and services available will be produced and circulated to all members on a regular basis. BBX will make the above list available to members whose accounts are in good order.

### **CAN BBX MANAGEMENT TRADE?**

Yes. BBX Management trades in much the same manner as other members of the Trading Program. BBX Management earns part of its income, and offsets part of its expenses, in Trade Dollars.

BBX Management can be extended a trade credit limit against future Trade Dollar earnings to assist in the development of the Trading Program.

For situations where the Manager trades within the program as a seller of goods, the Rules of the Trading Program contain a retention of title clause of the kind frequently used within commercial supply agreements, whereby the Manager retains title to the goods until the full purchase price has been paid or any resultant debit balance has been discharged.

In cases where a Buying Member enters into any trade resulting in a debit balance in the Buying Members' account, the Selling Member shall assign all title to any goods the subject of the Trade to the Manager and title to these goods shall vest with the Manager in accordance with the Rules of the Trading Program until such time as the debit balance is discharged.

## **BECOMING A MEMBER**

### **HOW TO BECOME A MEMBER**

Application for Membership can only be made on the official application forms provided by BBX Management and/or its nominees. By completing the application form the member agrees to comply with the Rules of the Trading Program and the Member's Information Booklet.

**REALISATION OF MEMBERSHIP BENEFITS**

The clients of BBX Management comprise of a large variety of businesses in a cross-section of industries. However, despite BBX Management’s best endeavours to provide a membership mix that will enable member businesses to participate as both a buyer and a seller, it is possible that:

- Having sold goods or services by trade and acquired a credit balance, a member may not be able to redeem that credit balance for particular goods or services that it needs or desires;
- A member may not necessarily be able to trade out of a debit balance, because there may not be a market amongst other members for its goods or services.

**PAYMENT OF FEES**

1. All members are required to pay fees by direct debit, from cheque account or credit card, or
2. If a member is on a billing cycle then payments must be received by BBX by the 14th day of each month.

**BBX FEES AND CHARGES** (amounts include GST)

(Note: These are Australian Member’s fees and charges current at time of publication and different rates may apply from time to time, or may apply to members in other countries).

1)	Marketing/Membership Fee	BRONZE SILVER GOLD BLACK	} Refer the relevant application form for current details
2)	Administration Fee	\$200 Cash & \$200 Trade pa	
3)	Transaction Fee	12% Cash & 2.2% Trade	
4)	Late Cash Payment Fee	2% Cash per Month	
5)	Over Trade Limit Fee	2% Trade per Month	
6)	Dishonour Payment Fee	\$25 Cash each	
7)	Copy of Statement	\$5 Trade each	
8)	Transaction History	\$2 Trade per Page	
9)	Additional BBX Cards	\$15 Trade each	
10)	Additional BBX Directory	\$25 Trade each	
11)	Credit Limit Review	\$50 Cash & \$50 Trade	
12)	Loan Account Application	\$200 Cash & \$200 Trade pa	
13)	Archive Retrieval	\$25 Cash & \$25 Trade	
14)	Transfer existing account to new account	\$45 Trade	

**DO MEMBERS SHARE IN COMPANY PROFITS?**

No. Acceptance of membership by BBX Management shall entitle members to participate in the Trading Program, but not in any dividends or profits of BBX Management. The commercial viability and benefits of membership are derived by the member’s willingness to trade and the level of profits generated for their business from their trade activity within the Trading Program.

## **WHAT ARE MY CONSUMER RIGHTS AS A MEMBER?**

The fact that transactions are conducted through the Trading Program does not affect the rights or warranties imposed under common law or statute law as between the purchaser and seller of the goods and services traded. These rights include for example, a seller's implied warranties (such as the implied warranty that goods are of merchantable quality) as well as other rights arising under the laws relating to contracts, the sale of goods, consumer protection, fair trading, trade practices, product liability, negligence and fraud. In other words, a purchaser's right to make a claim against a seller under these laws will not be lost because of the fact that the transaction occurred within the Trading Program.

The conduct of business through the Trading Program does not remove the normal risks faced by purchasers and sellers of goods and services. Neither the Manager nor the Holding Company guarantees any transaction entered into by a Member who provides goods or services.

## **CAN I AS A MEMBER RESIGN?**

Yes, a member may cancel/resign from membership as per the Rules of the Trading Program. A member who wishes to cancel/resign must give a minimum of (5) five business day's notice in writing of intention to cease participation in the Trading Program.

Upon receipt of that notice, BBX Management is entitled to require pre-payment in cash of all fees which become payable on the remaining balance of trade dollars in the member's trade account, as detailed in the Rules of the Trading Program. This applies to members with a debit or credit balance.

## **CAN MY MEMBERSHIP BE TERMINATED?**

Yes. Membership can be terminated at the discretion of BBX Management. If a member has not traded for a period of ninety (90) days, BBX Management may, at its discretion, terminate the member's account. Membership can also be terminated if a member is in breach of any of the Rules of the Trading Program or Member's Information Booklet.

Upon termination of membership, all Cash and Trade Dollar fees outstanding and fees applicable to zero the member's trade account become due and payable immediately. A fee for damages for a breach of the Rules of the Trading Program may also be payable, presently set at \$250.

If the account is in debit the member will have thirty (30) days to provide acceptable goods/services to the Trading Program to the value of the debt. On expiration of the thirty (30) day period the total debt outstanding will become payable in cash to settle the account.

If the member's account balance is in credit after receipt of all fees outstanding and pre-payment of fees applicable to zeroing and finalising the account, BBX Management will issue to the member Gift Certificates to the value of the credit balance, which must be used within ninety (90) days (or thereafter be forfeited). The Gift Certificates may be used to purchase goods and/or services available in the Trading Program.

## **CAN TRADE DOLLARS BE TRANSFERRED ON TERMINATION OF A MEMBERSHIP?**

No. The member may enter into a normal transaction with another member whose account is in good order, thereby entering into a sale or purchase to clear the member's account. This transaction can only be approved if all service fees outstanding and fees applicable to zeroing the account are pre-paid.

## **CAN MY MEMBERSHIP BE SOLD OR TRANSFERRED?**

No, a membership cannot be sold or transferred. However, if a business is sold, BBX Management may issue a new account membership on receipt of a completed application form from the new owner.

## **ARE TRADE DOLLARS REDEEMABLE FOR CASH?**

No. The member's Trade Dollars are not redeemable for cash.

## **TRADING PROCEDURES AND AUTHORISATIONS**

### **PROCESSING OF A TRADE TRANSACTION**

The selling Member must sight the buyer's BBX Trading Card and verify the purchaser's signature with the signature on the BBX Trading Card.

In order to process the transaction, the selling Member must obtain authorisation. This can be done by telephone, or electronically via the BBX website or by using iPOS, a proprietary software application developed specifically for this purpose.

Selling Member will generate their own receipts/transaction records, for the benefit of the buying Member as well as themselves. Transaction receipts can be printed automatically when using iPOS or web iPOS applications.

All transactions that cannot be authorised will require the buyer to contact the local BBX head office (02-9499 1100 in Australia and 3-372 1562 in New Zealand) between 8.30 am and 5 pm on weekdays.

### **RESPONSIBILITY OF A BUYER**

1. All members must identify themselves as a BBX Trade Exchange Member at the outset of purchase and not at consummation. This is done by identifying yourself as a fellow Member.
2. Purchaser is deemed to be aware of seller's responsibilities. Purchaser should request the selling Member to provide a record/receipt of the transaction or appropriate tax invoice for GST purposes.
3. It is the purchaser's responsibility to realise its purchase limits and may have to pay to BBX an interest charge of two percent (2%) per month (24% per annum) or part thereof in cash, for that amount which exceeds the member's authorised credit limit, and at the option of BBX Management the purchaser may be billed in cash on seven (7) days notice for purchases made in excess of the authorised credit limit.

### **CAN BBX MANAGEMENT REFUSE TO PROCESS A TRANSACTION?**

Yes. BBX Management can refuse to process a transaction under the following circumstances:

1. Insufficient funds are held in the buyer's account or the transaction amount exceeds the buyer's predetermined credit limit set by BBX Management and an authorisation has not been obtained.
2. Either party is not a "Member in Good Standing" (as defined in the Rules of the Trading Program).

### **A TRANSACTION MAY BE REVERSED IF:**

1. Both the Purchaser and the Seller request the Manager in writing to do so; both the seller and the purchaser must have available funds to facilitate reversal; or
2. There was, in the Manager's opinion, some breach of the Rules of the Trading Program or a fraudulent act.

## **CREDIT LIMITS**

### **HOW TO OBTAIN A CREDIT LIMIT**

BBX Management will examine the information provided in the application form, and may conduct a credit check with a recognised Credit Reference Agency, following which BBX will make an informed decision and may grant an Initial Credit Limit. Credit Limits will be reviewed every six (6) months by BBX Management, or at the member's request. A credit limit review fee may apply.

## INITIAL CREDIT LIMIT

The Initial Credit Limit granted to a Member shall not exceed the Trade Dollar amounts shown below:

- BRONZE - up to a maximum of \$10,000
- SILVER - up to a maximum of \$25,000
- GOLD - up to a maximum of \$50,000
- BLACK - up to a maximum of \$100,000 and subject to certain pre-requisites. Applicants must have capacity and commitment to do a minimum of \$100,000 per annum in BBX sales.

**Conditions - Guarantee or Security.** As a condition of granting an Initial Credit Limit, BBX Management may require a Member to provide Guarantees from its directors, shareholder, or any other person or such other security as BBX Management sees fit.

**Increase of Limit.** The credit limits shown above are the maximum applicable for the particular membership category. A member may apply for a higher Credit Limit by making application to change their category of membership and paying the difference in Marketing/Membership fee.

**Reduction in Limit.** BBX Management may reduce or withdraw the Initial Credit Limit in respect of any member, in circumstances including, but not limited to, the following:

1. Member refuses to sell on 100% trade.
2. Member's fees are overdue.
3. Manager believes the member has no intention or capacity to trade out of their Credit Line.
4. Previous 12 months sales were less than Credit Line.
5. Member has not traded for ninety (90) days.
6. Member requests alternative (competitor) currency to BBX.

## REVISED CREDIT LIMIT

The Manager may, upon application by a Member, grant to the Member a line of credit (Revised Credit Limit) exceeding the amounts set out in the above membership categories, subject to any conditions advised by the Manager at the time.

## SPECIAL CREDIT LIMIT OR LOAN FACILITY

A Member may apply at any time for a Special Credit Limit, however an offer of a registered mortgage over real property or a charge or registered bill of sale over a tangible asset owned by the Member or any other party (prescribed security) should accompany the application.

## DEBT RESERVE FUND

The Trading Program has an in-built safeguard to protect it from the impact of any Member (a Delinquent Member) who becomes insolvent or cannot perform his or her obligations to other Members. This in-built safeguard is the Debt Reserve Fund and will comprise reserves of trade dollars contributed by Members generally and accumulated under the supervision of the Manager for the purpose of discharging the debit balances of Delinquent Members. The decision to apply the Debt Reserve Fund to discharge a debit balance is made by the Manager.

The adequacy of the Debt Reserve Fund is not guaranteed. Large value transactions conducted by Members, who are later considered to be delinquent by the Manager, could impact on the adequacy of the Debt Reserve Fund.

The minimum level of Member's contributions to the Debt Reserve Fund is presently set at 5 trade dollars per month. The Manager has the power to increase these levels if it is insufficient to cover claims that have been made or which the Manager expects may be made.

Individual Members have no right to make a claim against the Debt Reserve Fund, which can only be used to offset **existing debts** created from transactions already processed. The Debt Reserve Fund cannot be called upon by members for dispute resolution purposes, or for unpaid accounts.

## **MISCELLANEOUS**

### **COMPLIANCE AND OBLIGATIONS**

BBX International (HK) is responsible for ensuring compliance with the various regulations, statutes and corporations laws as they apply in each of the countries in which it is represented through master franchise agreements.

This obligation does not supersede or negate the similar obligations that apply to the master franchisors in those countries.

BBX Management, as Managing Agents for BBX International (HK), has responsibility for day to day management of the Trading Program and is obliged to meet the various compliance requirements of ASIC (in Australia) and Corporations Laws generally as they apply to Australia and New Zealand.

### **AMENDING THE RULES OF THE TRADING PROGRAM**

BBX Management has the right to amend the Rules of the Trading Program by giving members of the Trading Program thirty (30) days written notice of the amendments.

Members unwilling to participate in the Trading Program under the amendments to the Rules may withdraw, under the Rules of the Trading Program, prior to the notice of amendments, by the Member giving notice of its intention to withdraw after receiving such notification from the Manager.

### **DISSOLUTION OF TRADING PROGRAM**

The Trading Program may be dissolved if an order is made that the Manager be wound up (other than for the purpose of reconstruction or amalgamation).

In the unlikely event of dissolution, Rule 31 of the Rules of the Trading Program will apply.

It should be noted that Rule 31 provides that in the event of dissolution, Members must pay transaction/service fees upon a nominal transaction necessary to bring their accounts to zero balances.

Further, in that event, Members whose trade accounts were in debit at the time of dissolution are required to pay the cash equivalent of their debit balance.