

Obillex Limited

Rule Book

May 2017

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SECTION A – INTRODUCTION

1.1 Introduction

This Rule Book sets out the Rules, Policies & Procedures which apply to a Member of the Obillex Community. It is only intended for use by Obillex Members and is to be read in conjunction with their Member Agreements.

This Rule Book is divided into the following sections:

- Section A – Introduction (applicable to all Members)
- Section B – Buyer (customer) Members
- Section C – Supplier Members
- Section D – Discounter (investor) Members
- Section E – General Terms and Conditions (applicable to all Members)
- Section F – Defined Terms (applicable to all Members)

All defined terms used in a Member Agreement, this Rule Book and any transaction made pursuant to them (including in O-Bills) shall have the meanings given to them in Section E of this Rule Book. In the event of a conflict between this Rule Book and a Member Agreement, the terms of the relevant Member Agreement shall prevail.

Except as permitted by a Member Agreement and this Rule Book, this document must not be disclosed outside of a Member's organisation and Members are not authorised to use, duplicate or distribute it (whether electronically or otherwise) in whole or in part.

Members should direct any questions regarding the operation of the System and/or their Member Agreements and this Rule Book to:

Email: customer.service@Obillex.com

Telephone Helpline: 0121 469 0100

1.2 Obillex System

Each Member undertakes to implement appropriate security relating to its use of the System as set out in this Rule Book.

Each Member acknowledges and agrees that: (a) there will be downtime from time to time when the System cannot be accessed; and (b) the Member is responsible for providing and maintaining its own, and Obillex has no liability or responsibility in respect of, equipment (where such equipment is not supplied by or on behalf of Obillex), or utility services that the Member may utilise for the purpose of each of its use of the System and Licensed Resources. No Member shall use the System in contravention of any law or regulation.

Except as expressly provided in this Rule Book, no representation, warranty, term or condition, express or implied, statutory or otherwise, is given or assumed by Obillex in respect of (a) any Member's underlying commercial transactions, or (b) the goods or services to which such underlying transactions relate (regardless of any assistance that Obillex may, in its sole discretion, provide to any Member(s)). All such representations, warranties, terms and conditions are excluded, except to the extent that this exclusion is prohibited by law. Without limiting the foregoing, Obillex does not give any representation or warranty as to condition, performance, fitness for purpose, suitability, merchantability, quality or otherwise, or of non-infringement of the System, except as expressly provided in this Rule Book.

1.3 Obillex Community Membership

Obillex functions as a trading community around the O-Bill and all parties attached to each O-Bill have agreed by contract to abide by the provisions of this Rule Book and its relevant Member Agreement(s). A Member may join the Obillex Community as a Buyer, Supplier and/or Discounter (investor).

A Member joins as a Buyer Member of the Obillex Community by executing its Member Agreement which applies to its relationship with all its Suppliers (which are also Members, then and/or in the future). Likewise, by executing its Member Agreement, a Supplier sets out its legal relationship with all its Buyers (i.e customers, which are also Members, then or in the future).

When a Buyer and/or Supplier decides to settle trade indebtedness by O-Bill, it agrees its specific Obillex trading terms, in particular the permitted number of days from date of invoice to date of invoice approval and the maturity term of O-Bills drawn in settlement (e.g. 30 days from invoice approval date to the Buyer's cash settlement date).

A Member joins as a Discounter by executing its Member Agreement which sets out its relationship with Supplier and Buyer Members.

A person cannot become a Member without prior Obillex approval and only after appropriate Know Your Customer / Anti-Money Laundering validation.

The Uniform Customs and Practice for Documentary Credits is not applicable to Member Agreements and this Rule Book, nor to transactions entered into under them.

1.4 The O-Bill

1.4.1 Basic Terms

An O-Bill recorded electronically on the Bill Register (a "**Registered O-Bill**") is agreed by the Members as having substantially the same attributes, as between the Members, as a bill of exchange drawn in accordance with this Rule Book and the relevant Member Agreements by the Supplier (or Holder in the case of an O-Bill which is Drawn as a result of an Instruction to Split an existing Registered O-Bill) on the Buyer under the Bills of Exchange Act 1882, although, for the avoidance of doubt, the O-Bill shall not be a bill of exchange for the purposes of that act. The Bill Register shall be maintained by Obillex in accordance with this Rule Book so as to record a person as a Buyer, Acceptor, Supplier, Endorser or Holder of a particular O-Bill, if all appropriate procedures are followed.

O-Bills may only be Drawn in, and Instructions issued in respect of transactions denominated in, sterling.

Accordingly, each Member agrees that:

- a) the Buyer shall pay the Amount of each Registered O-Bill to the Holder, on the Due Date;
- b) a Registered O-Bill shall be treated as if it were duly signed on behalf of (A) (i) in the case of the first Drawing of an O-Bill, the Supplier as Drawer or (ii) in the case of the Drawing of an O-Bill pursuant to an Instruction to Split an existing Registered O-Bill, the Holder of the existing Registered O-Bill and (B) on behalf of the Buyer as Acceptor; and

- c) if the Registered O-Bill is Endorsed, it shall be treated as if it were duly signed on behalf of the Endorser, as endorser in favour of the relevant endorsee.

The following further terms shall apply to each Registered O-Bill:

- a) the Drawing, Acceptance, Splitting and Endorsement of an O-Bill shall be effective only if made in accordance with this Rule Book, with the intent that such matters shall then be recorded in the Bill Register;
- b) the Drawing of a Registered O-Bill shall be without recourse to the Supplier or Holder (in the case of the Drawing of an O-Bill pursuant to an Instruction to Split an existing Registered O-Bill), and any endorsement shall be without recourse to the Endorser;
- c) Members may issue Instructions through the System to Draw, Accept, Split, Discount and Endorse O-Bills from time to time in accordance with this Rule Book. Instructions may be issued on an individual basis or automatically in accordance with a Member's profile as instructed and authorised by that Member and set-up on the System;
- d) a Holder may only issue an Instruction to Split a Registered O-Bill if the aggregate of the Amounts of the resulting O-Bills equals the Amount of the Registered O-Bill in respect of which the Instruction to Split is given;
- e) following the execution by the System of an Instruction to Split an existing Registered O-Bill, provided that the terms of the new O-Bills are identical to the existing Registered O-Bill (except as to the Amounts) and the aggregate Amounts of the new O-Bills equal the amount of the existing Registered O-Bill, the existing Registered O-Bill shall be deemed to have been cancelled and replaced with the new O-Bills with effect from the Drawing of the new O-Bills and shall be deemed to have been Accepted by the Buyer;
- f) the Bill Register shall record all relevant details of the Registered O-Bill, including the identities of the Supplier, the Buyer and the Holder, as well as the Due Date and the Amount;
- g) a Registered O-Bill shall be deemed to be automatically presented for payment on the Due Date by the Holder. This Rule Book shall also govern all procedures relating to Protest, Notice of Dishonour and default interest, provided that the liability of any Recourse Party shall not be discharged by any failure to comply with such formalities. Accordingly, each Recourse Party waives presentment, Notice of Dishonour, noting, protest and all other formalities of any kind in relation to each Registered O-Bill;
- h) payments made in respect of a Registered O-Bill shall be made to the Settlement Account in accordance with this Rule Book and the relevant Member's Agreement.

1.4.2 Other defences

A Buyer sued on a Registered O-Bill cannot set up against the Holder defences founded on personal or commercial relations with the Supplier, non-performance of the Supplier or any previous Holders, or any failure relating to the goods or services under the commercial contract with the Supplier. An Accepted Registered O-Bill is an

irrevocable and unconditional obligation on the part of the Buyer to pay the full face value of the O-Bill to the Holder on the Due Date without deductions of any nature.

1.4.3 Maturity

A Registered O-Bill is drawn payable on the Due Date which is a fixed date which, if not a Business Day, is the immediately following Business Day.

In the event that the funds remitted by the Buyer as Acceptor on the Due Date to the Settlement Account are insufficient to satisfy all Amounts due by the Buyer on that date, the amount received will be used to pay all those Amounts then due pro rata. Any Registered O-Bill that cannot be paid in full due to insufficient funds in the Settlement Account shall be deemed Dishonoured.

A Registered O-Bill is deemed automatically presented by the System to the Acceptor, on behalf of the Holder, for settlement for the full Amount on the Due Date.

A Registered O-Bill is recorded as 'Paid in Full' on the Bill Register when the Buyer as Acceptor has paid the Amount in full in immediately available funds to the Settlement Account. Any payment of less than the full Amount of a Registered O-Bill is deemed to constitute Dishonour. Any under-payment is to be recovered from the Acceptor in accordance with the provisions of its Member Agreement and this Rule Book.

A Registered O-Bill is drawn payable in the currency designated as the Amount.

1.4.4 Recourse for non-payment

- (a) The Holder may exercise its right of recourse against the Acceptor at maturity if payment in full has not been made by the Buyer as Acceptor on the Due Date in immediately available funds to the Settlement Account.
- (b) Protest for non-payment of a Registered O-Bill on the Due Date is effected on the System on the next subsequent Business Day when due notice of the Dishonour is given to the Buyer as Acceptor, the Supplier as Drawer and to the Holder. Failure to give any such notice shall not invalidate or otherwise affect the obligations of any of the parties to the Registered O-Bill.
- (c) The Acceptor of a Registered O-Bill is liable to the Holder. The Holder has the right of proceeding against the Acceptor directly.
- (d) The Holder may recover from the person against whom it exercises its right of recourse:
 - i. the Amount of the unpaid Registered O-Bill;
 - ii. interest at a rate to be notified by Obillex from time, to be payable from the Due Date;
 - iii. the expenses of protest and of the notices given as well as other expenses incurred in exercising its rights of recourse.

1.4.5 Bill Register

The Bill Register is a secure, electronic record maintained on the Obillex System which holds all the particulars of each O-Bill and constitutes the formal title. An O-Bill is only recorded on the Bill Register when it has been Drawn and Accepted.

When an O-Bill is recorded on the Bill Register it is a Registered Bill. In addition to the identity of the parties, the Bill Register records other relevant facts including:

- **Amount:** The value of the O-Bill.
- **Currency:** Each O-Bill is denominated in a single currency.
- **Issue Date:** The date on which the O-Bill was Drawn and Accepted.
- **Due Date:** The date upon which a Buyer as Acceptor is unconditionally required to pay the Amount of an O-Bill. This date is calculated by the Obillex System when the O-Bill is Drawn and Accepted in accordance with this Rule Book and the relevant Member Agreements.

When the O-Bill has been Discounted and the Discount Proceeds have been received in the Account, the Discounter shall be recorded as Holder in the Bill Register and the Endorser shall have irrevocably executed a true sale of the O-Bill to the Discounter.

Members are able to access the Bills Register to inspect the entries which relate to them. Members are therefore able to see at any time the O-Bills (including details as to their Amounts and Due Dates) in respect of which they are the Acceptor (i.e. which they are liable to pay), Holder (i.e. the party entitled to be paid) or which they have Discounted (i.e. bought or sold).

1.4.6 Settlement Account and Discounting Account

Obillex confirms to each Member that it will hold all amounts in the Settlement Account and the Discounting Account in trust for the benefit of the relevant Members who are entitled to same from time to time as Holders or Endorsers the proceeds in such accounts which shall be applied as set out in this Rule Book.

All amounts held in trust by Obillex in the Settlement Account and the Discounting Account shall be applied as follows:

- The Paying Agent shall instruct the Disbursement Bank to make payments from time to time. Neither Obillex nor the Paying Agent shall be under any duty or obligation to pay any interest or earnings on or with respect to amounts standing to the credit of either the Settlement Account or the Discounting Account.
- Obillex shall provide the Paying Agent with extracts from the Bill Register so as to notify the Paying Agent of all amounts due to be received into the Settlement Account from Buyers and into the Discounting Account from Discounters, together with details of the relevant transaction in respect of which those amounts are paid and the identity of the Holder or Endorser to which an Amount or Discount Proceeds should be paid in accordance with the relevant Member Agreements and this Rule Book.
- The Paying Agent shall issue the appropriate instructions to the Disbursement Bank no later than the next Business Day following receipt into the Settlement Account of the Amount or of the Discount Proceeds into the Discounting Account (as the case may be).
- Payment to the Endorser or Holder from the Settlement Account or the Discounting Account respectively will be made to the bank account specified by the relevant Member in the Application Form at the sole risk of that Member.

In no event, shall Obillex be liable due to the falsity or inaccuracy of the Buyer's Buyer and/or Supplier client and account information or of any Discounter's account information.

2 SECTION B – BUYER MEMBERS

This section contains obligations applicable to Members who have joined Obillex as a Buyer Member. It is to be read in conjunction with the relevant Member Agreement. It sets out rules, policies and procedures applicable to Buyers.

2.1 Policies & Procedures for Buyers

2.1.1 Setting up a Supplier

Each of a Buyer's suppliers with whom the Buyer wishes to settle its trading indebtedness by O-Bill must also be a Member of the Obillex Community.

Each Buyer must supply such information as the Buyer holds in respect of its Suppliers, including but not limited to information relating to the Supplier held within the Buyer's accounting, payment and settlement systems, to the extent necessary or desirable in connection with the operation of the System (each Supplier Member having consented to the provision of such information by the Buyer to Obillex under Rule 5.11 below).

2.1.2 Setting Trading Terms as a Buyer

The tenor of each O-Bill is automatically calculated by the Obillex platform as the difference between the date the invoice is approved for payment by the Buyer, and the payment date for the invoice also determined by the Buyer.

A Buyer cannot set up Obillex trading terms with any of its suppliers unless both are Members of the Obillex Community. All trading term negotiations are to be undertaken by the Buyer and Supplier outside the System and independently of Obillex.

2.2 Accepting O-Bills as a Buyer

2.2.1 Methods of Acceptance

Each Buyer's chosen method of Acceptance of O-Bills with regard to each of its Suppliers will be configured in accordance with its Application Form except that new O-Bills resulting from the execution of an Instruction to Split an existing Registered O-Bill shall, provided that the aggregate Amounts of the new O-Bills equal the Amount of the existing Registered O-Bill, be deemed to have been automatically Accepted by the Buyer. The selected method of Acceptance can be changed by agreement with Obillex. Acceptance of an O-Bill has substantially the same contractual obligation as if it were a paper-based bill of exchange, accepted by that Buyer and carrying the signature of an authorised officer or officers.

2.2.2 Maximum Maturity Term

Each O-Bill is drawn with a fixed Due Date.

2.2.3 Bills Payable

Each O-Bill which is Accepted by a Buyer is entered on the Obillex System which shows the O-Bills Accepted by the Buyer on which it has a binding obligation to settle the relevant Amount on the Due Date in accordance with its Member Agreement and this Rule Book. It also shows the present status of each O-Bill including whether or not the Buyer has settled the Amount on the Due Date. Archived O-Bills which have matured and have been paid can also be viewed up to set aging limits.

2.2.4 Accounts Payable

The Obillex System records summary details of all of a Buyer's Supplier invoices.

2.3 Buyer Obligations

2.3.1 Buyer Undertakings

The consequences of Accepting an O-Bill are that the Buyer is contracted to pay the full face value of the Amount of the O-Bill on the Due Date without deductions of any nature, set-off, netting or counterclaim. Any dispute over the underlying transaction (i.e. short delivery, wrong item, inferior quality etc.) is resolved outside the Obillex System. Each O-Bill is deemed to have been automatically presented for payment on the Due Date. Payment on the Due Date is to be made in immediately available and freely transferable funds to the Settlement Account advised by Obillex and held by the Paying Agent. The Buyer's obligation is discharged once payment in full has been credited in cleared funds to the Settlement Account.

Accordingly, the obligations of a Buyer under its Member Agreement and this Rule Book, and each O-Bill, do not acknowledge or create any indebtedness in relation to consideration payable under any other contract for the supply of goods and services and shall be independent of and not affected by any dispute and/or liability between a Buyer and its Supplier in relation to the relevant underlying transaction (including, without limitation, disputes over non-conforming goods, representations, warranties, conditions, terms, fitness for purpose, suitability, merchantability or quality). Nothing in this Rule Book shall be construed to limit any claim a Buyer may have against a Supplier, or impair any remedy which could be sought by a Buyer against its Supplier after the Acceptance of the related O-Bill. Each Buyer acknowledges and agrees, without qualification, that any of the Buyer's claims or defences relating to the underlying transaction with a Supplier shall be adjudicated against the Supplier only, and shall be separate and distinct from its obligation to make payment under its Member Agreement and this Rule Book in respect of any O-Bill. Each Buyer irrevocably waives any and all defences, setoffs and claims that may be available to contest, negate, reduce, disaffirm, or otherwise impact the Buyer's payment obligation as required in its Member Agreement and this Rule Book.

Each Buyer warrants to Obillex that:

- (a) (otherwise than an O-Bill Drawn pursuant to an Instruction to Split an existing Registered O-Bill), the Buyer is indebted to the Supplier in the amount for which each O-Bill has been Drawn by it and Accepted by the Buyer; and
- (b) its action of Accepting each O-Bill will not result in Dishonour and that no Default Event in respect of it has occurred.

Upon communication of each Instruction by a Buyer, the Buyer warrants that all Buyer and Supplier information (including any Supplier's standard settlement instructions) provided or confirmed by it to Obillex is, to the best of its knowledge, information and belief, true and accurate in all material respects (and, in the case of any Supplier's standard settlement instructions, reflects the then latest such information as is known to or has been notified to, the Buyer). Each Buyer shall comply with all relevant laws and regulations applicable to its Member Agreement and this Rule Book and transactions conducted using the System including, without limitation, all applicable sanctions and export control laws.

Each Buyer shall maintain sufficient records of all transactions concluded by it utilising the System and otherwise with respect to its obligations and activities under or in connection with its Member Agreement and this Rule Book, including information with respect to any underlying commercial trade transaction to which it is a party, and with respect to compliance of such transactions with applicable laws and regulations. The Buyer shall retain each record required to be maintained under this Section during the term of its Member Agreement and, if applicable, for such longer period as may be required by law or regulation.

2.3.2 Failure to Pay

Under its Member Agreement and this Rule Book, each Buyer has waived the requirement under legislation related to conventional bills of exchange in respect of giving Notice of Dishonour or Protesting upon Dishonour of any O-Bill(s) in the event of failure to make a payment on the Due Date.

Failure to pay the full Amount of an O-Bill on the Due Date is a material breach of the Buyer's Member Agreement. In this event, Obillex may terminate the Member Agreement immediately upon notice of the material breach of the Agreement. Upon notice of termination of the Member Agreement, Obillex will no longer execute Instructions from that Buyer but the Buyer will remain bound to pay the Amount in relation to each O-Bill outstanding (if any) at the date of termination.

As the Recourse Party, the Holder at the Due Date of an O-Bill may claim or institute proceedings against the Buyer for any non-payment of the Amount and any other sums due under this Rule Book for non-payment of the relevant O-Bill.

2.3.3 Buyer Member Default Events

Each Buyer shall promptly (and in any event within 2 Business Days) provide notice to Obillex of any Default Event. Default Events are summarised below (and set out in full in Section F of this Rule Book):

- a) failure to pay the Amount of an O-Bill on the Due Date;
- b) if applicable, credit downgrade below investment grade;
- c) a circumstance or event occurs which could reasonably be expected to have a materially adverse effect on the Buyer's business (or that of its Group) affecting especially its financial condition or prospects or its ability to pay an Amount on its Due Date;
- d) the Buyer (or relevant member(s) of its Group) commencing or being the subject of any action relating to bankruptcy or insolvency;
- e) any representation or warranty made by the Buyer under its Member Agreement or this Rule Book being materially inaccurate at the date made or is no longer true;
- f) material breach of its Member Agreement and/or this Rule Book and, in the event of a material breach that is capable of remedy, such breach continues unremedied for a period of seven (7) days after notice from Obillex;
- g) any meeting of the Buyer's shareholders is convened for the purpose of considering any resolution for (or petition for) the winding up of the Buyer, or the shareholders of the Buyer pass such a resolution;
- h) the Buyer ceasing to carry on all or a substantial part of its business; or
- i) at any time it is unlawful for the Buyer to perform any of its obligations under its Member Agreement and/or this Rule Book or in respect of any O-Bill.

In the case of a Buyer which is a government, local government, public or similar authority, only sub-paragraphs (a), (b), (h) and (i) apply.

2.3.4 Default Remedies

If a Default Event occurs, Obillex may, by written notice, take one or more of the following actions:

- a) terminate the relevant Member Agreement and/or any other agreement made by the Buyer with Obillex;
- b) suspend, cancel or otherwise vary the Buyer's ability to Accept further O-Bills.

If a Default continues unrectified for more than seven (7) days, the Buyer is deemed to have authorised Obillex to notify relevant Members of the Obillex Community of the particulars of its Default. In addition, Obillex has reserved the right to decline to transact any further business with the Buyer and/or to pursue any other legal remedy.

Upon notice of termination of its Member Agreement, Obillex will no longer execute Instructions from the Buyer, except that all O-Bills Accepted by the Buyer prior to the termination shall remain irrevocable and unconditional obligations of, shall become immediately due and payable and will be honoured by the Buyer and the Buyer shall remain responsible for funding the Settlement Account with respect to any O-Bills that remain due and outstanding at the time of termination.

3 SECTION C – SUPPLIER MEMBERS

This section contains obligations applicable to Members who have joined Obillex as a Supplier Member. It is to be read in conjunction with the relevant Member Agreement. It sets out rules, policies and procedures applicable to Suppliers.

3.1 Policies and Procedures for Suppliers

3.1.1 Setting up a Buyer (customer)

Each of a Supplier's customers (Buyers) with whom the Supplier wishes to settle their trade indebtedness by O-Bill must also be a Member of the Obillex Community.

3.1.2 Setting Trading Terms as a Supplier

The tenor of each O-Bill is automatically calculated by the Obillex platform as the difference between the date the invoice is approved for payment by the Buyer, and the payment date for the invoice also determined by the Buyer.

A Supplier cannot set up Obillex trading terms with any of its customers unless both are Members of the Obillex Community. All trading term negotiations are to be undertaken by the Buyer and Supplier outside the System and independently of Obillex.

3.2 Supplier's Obillex Accounts

3.2.1 Auto-Discounting

When a Supplier becomes a Member of the Obillex Community, it will initially be treated as having agreed to Auto-Discounting which means that every invoice that is issued by that Supplier and approved by a Buyer will result in an O-Bill being Drawn by the Supplier against that Buyer on the System and being made available for Discounting.

3.2.2 Selective Discounting

A Supplier may terminate Auto-Discounting by giving not less than five Business Days' notice to Obillex. Following the termination of Auto-Discounting, the Supplier will need to advise Obillex through the System each time it wishes to offer an O-Bill for Discounting.

Where Auto-Discounting has been terminated, following receipt of an irrevocable offer to Discount an O-Bill from a Discounter, the System will prompt the Holder (i.e. the Supplier in the case of a newly Drawn O-Bill) to accept or decline the offer.

Unless it continues to maintain Auto-Discounting, a Supplier wishing to Discount an O-Bill must issue a Discount Instruction for that O-Bill by 11am on the relevant Business Day or it will not be eligible for settlement, if Discounted on that Business Day, on the second Business Day after the date the Instruction was given. If a Supplier issues a Discount Instruction after 1pm on a Business Day, that O-Bill will be eligible for settlement, if successfully Discounted, on the later of (A) the third Business Day after the date of the Instruction and (B) the second Business Day following the relevant O-Bill being Discounted.

There is no guarantee that an O-Bill which is the subject of a Discount Instruction will be successfully Discounted.

3.2.3 Bills Receivable

Each O-Bill is Drawn by a Supplier and when Accepted by the relevant Buyer is entered on the Obillex System. A Supplier may have more than one O-Bill outstanding at any time, including Drawn against the same Buyer, each denominated in a specific currency. A Supplier may view O-Bills which it has received from its Buyers in the Obillex System.

The System shows the status of each O-Bill, including whether or not it has been Discounted, matured and paid by the Buyer. Archived O-Bills which have been Discounted or which have matured and have been paid can also be viewed up to Obillex's designated ageing limits.

3.2.4 Accounts Receivable

The Obillex System records summary details of all of a Supplier's sales invoices. Unless a Supplier has executed a Discount in respect of an O-Bill, the System will instruct payment to the Supplier's designated bank account as notified to Obillex through the System from time to time (less applicable Fees) on the Due Date specified on the O-Bill from funds received from the Buyer as Acceptor.

3.3 Supplier Obligations

3.3.1 Relationship between Buyer and Supplier

The consequences of Accepting an O-Bill are that the Buyer is contracted to pay the Amount of the O-Bill on the Due Date without set-off, netting or counterclaim. This means that any dispute over the underlying transaction (i.e. short delivery, wrong item, inferior quality etc.) is resolved outside the Obillex System. Each O-Bill is deemed to have been automatically presented for payment on the Due Date. Payment on Due Date is to be made in immediately available and freely transferable funds to the Settlement Account advised by Obillex. The Buyer's obligation is discharged once payment in full has been credited in cleared funds to the Settlement Account.

Accordingly, the obligations of Members are independent of and not affected by any dispute and/or liability between the Supplier and its customers in relation to the relevant underlying transaction (including without limitation disputes over non-conforming goods, representations, warranties, conditions, terms, fitness for purpose, suitability, merchantability or quality). Nothing in the Member Agreements or this Rule Book shall be construed to limit any claim a Supplier may have against its customer, or impair any remedy which could be sought by the Supplier against the customer after the Acceptance of the related O-Bill. Each Supplier agrees, without qualification, that any of the Supplier's claims or defences relating to the underlying transaction with its Buyer shall be adjudicated against that Buyer only, and shall be separate and distinct from its obligation to receive payment under its Member Agreement and this Rule Book. Each Supplier waives any and all defences, setoffs and claims that may be available to contest, negate, reduce, disaffirm, or otherwise impact the Supplier's settlement obligation as required in its Member Agreement and this Rule Book.

3.3.2 Supplier undertakings

Whenever an O-Bill is Drawn, the Supplier Member warrants that the Buyer is indebted to the Supplier in the amount for which the O-Bill has been Drawn and that it has not in any way dealt in or otherwise transferred any interest in such indebtedness.

By becoming a Member of the Obillex Community, each Supplier agrees that it cannot (and must not) seek to factor, discount, sell or otherwise deal or seek to transfer any interest in any invoice in respect of which an O-Bill may be Drawn.

Each Supplier therefore agrees that notwithstanding any other term in any arrangement it may have with a Buyer from time to time, with effect from the date of its Member Agreement, the Supplier shall not be entitled to sell, assign, novate or in any other way transfer or dispose of any right, title or interest in any debt owed to it by the Buyer in respect of which an O-Bill will or could be Drawn by it without first notifying the Buyer and Obillex in writing and, unless otherwise agreed by Obillex in writing, following the receipt of any such notice, the Supplier will be deemed to have given notice of the immediate termination of its Member Agreement. Upon notice of termination of a Member Agreement, Obillex will not execute Instructions from that Supplier, provided, however, that the Supplier shall be obligated to Discount any O-Bills with respect to which the Supplier has received and executed Instructions to Discount prior to the time of termination.

Each Supplier shall maintain sufficient records of all transactions concluded by it utilising the System and otherwise with respect to its obligations and activities under or in connection with its Member Agreement and this Rule Book, including information with respect to any underlying commercial trade transaction to which it is a party, and with respect to compliance of such transactions with applicable laws and regulations. The Supplier shall retain each record required to be maintained under this Section during the term of its Member Agreement and, if applicable, for such longer period as may be required by law or regulation.

3.3.3 Supplier Member Default Events

Each Supplier undertakes promptly (and in any event within 2 Business Days) to provide notice to Obillex of any Default Event. Default Events are summarised below (and set out in full in Section F of this Rule Book):

- a) a circumstance or event occurs which could reasonably be expected to have a materially adverse effect on the Supplier's business (or that of its Group) affecting especially its financial condition or prospects or its ability to pay any Amount on its Due Date;
- b) the Supplier (or relevant member(s) of its Group) commencing or being the subject of any action relating to bankruptcy or insolvency;
- c) any representation or warranty made by the Supplier under its Member Agreement or this Rule Book being materially inaccurate at the date made or is no longer true;
- d) material breach of the Supplier's Member Agreement and/or this Rule Book and, in the event of a material breach that is capable of remedy, such breach continues unremedied for a period of seven (7) days after notice from Obillex;
- e) any meeting of the Supplier's shareholders is convened for the purpose of considering any resolution for (or petition for) the winding up of the Supplier, or the shareholders of the Supplier pass such a resolution;
- f) the Supplier ceasing to carry on all or a substantial part of its business; or
- g) at any time it is unlawful for the Supplier to perform any of its obligations under its Member Agreement and/or this Rule Book or in respect of any O-Bill.

3.3.4 Default Remedies

If a Default Event occurs, Obillex may, by written notice, take one or more of the following actions:

- a) terminate the relevant Member Agreement and / or any other agreement made by the Supplier with Obillex;
- b) vary the Discounting Terms and/or the Fees and other terms set by the Discounter in relation to O-Bills to be Drawn by that Supplier so long as such variation shall not affect O-Bills already Discounted; or
- c) suspend, cancel or otherwise vary the ability of that Supplier to Discount further O-Bills.

If a Default continues unrectified for more than seven (7) days, the Supplier is deemed to have authorised Obillex to notify relevant Members of the Obillex Community of the particulars of its Default. In addition, Obillex has reserved the right to decline to transact any further business with the Supplier and/or to pursue any other legal remedy.

4 SECTION D – DISCOUNTER MEMBERS

This section contains obligations applicable to Members who have joined Obillex as a Discounter Member. It is to be read in conjunction with the relevant Member Agreement. It sets out rules, policies and procedures applicable to Discounters.

4.1 Role of the Discounter

A Discounter is a Member which has contracted through the System to purchase O-Bills. The Discounter's Member Agreement and this Rule Book provides for the payment to the Supplier or Endorser of the O-Bill of the agreed amount for the sale and transfer of the O-Bill to the Discounter. Payment of this amount by the Discounter is made to the Discounting Account.

Each Discounter will have access, through the Obillex System, to a list of O-Bills offered by Suppliers and other Holders for Discounting.

A Discounter may offer to Discount individual O-Bills or provide, through the Obillex System, a Discounter Profile specifying the applicable Discounting Terms that form the basis of the Discounter's agreement to Discount all qualifying O-Bills of a particular Buyer.

When an offer to Discount one or more O-Bills has been made through the System, Obillex will notify the Discounter, through the System, of the acceptance (or otherwise) of the offer. When notified of this acceptance of an offer, the Discounter must arrange for the Discount Proceeds to be deposited in cleared funds in the Discounting Account by no later than 10.30 am on the Business Day which is (2) Business Days after such acceptance.

When the relevant O-Bill has been Discounted (meaning the Discount Proceeds have been credited in cleared funds to the Discounting Account), the Supplier (or then existing Holder) will cease to be the Holder and the Discounter will be recorded on the Bills Register as the new Holder. In accordance with the provisions of its Member Agreement and this Rule Book, when an O-Bill has been Discounted, the Supplier or Endorser has irrevocably executed a true sale of the O-Bill to the Discounter.

Each Buyer shall pay the Amount in respect of each O-Bill Accepted by it into the Settlement Account on its Due Date. The Paying Agent shall instruct the Disbursement Bank to remit the proceeds to the Discounter's bank account (as advised to Obillex) by no later than the following Business Day.

In the event that a Buyer defaults on its obligation to pay an Amount of a Discounted O-Bill into the Settlement Account by the Due Date, the registered Holder shall be entitled to effect recovery against the defaulting Buyer.

4.2 Discounter Obligations

Each Discounter shall maintain sufficient records of all transactions concluded by it utilising the System and otherwise with respect to its obligations and activities under or in connection with its Member Agreement and this Rule Book, including information with respect to any underlying commercial trade transaction to which it is a party, and with respect to compliance of such transactions with applicable laws and regulations. Each Discounter shall retain each record required to be maintained under this Section

during the term of its Member Agreement and, if applicable, for such longer period as may be required by law or regulation.

Each Discounter undertakes promptly (and in any event within 2 Business Days) to provide notice to Obillex of any Default Event. Default Events are summarised below (and set out in full in Section F of this Rule Book):

- a) failure to pay any Discount Proceeds on the due date;
- b) a circumstance or event occurs which could reasonably be expected to have a materially adverse effect on the Discounter's business (or that of its Group) affecting especially its financial condition or prospects or its ability to pay any Discounting Proceeds when due;
- c) the Discounter (or relevant member(s) of its Group) commencing or being the subject of any action relating to bankruptcy or insolvency;
- d) any representation or warranty made by the Discounter under its Member Agreement or this Rule Book being materially inaccurate at the date made or is no longer true;
- e) material breach of the Discounter's Member Agreement and/or this Rule Book and, in the event of a material breach that is capable of remedy, such breach continues unremedied for a period of seven (7) days after notice from Obillex;
- f) any meeting of the Discounter's shareholders is convened for the purpose of considering any resolution for (or petition for) the winding up of the Discounter, or the shareholders of the Discounter pass such a resolution;
- g) the Discounter ceasing to carry on all or a substantial part of its business; or
- h) at any time it is unlawful for the Discounter to perform any of its obligations under its Member Agreement and/or this Rule Book or in respect of any O-Bill.

4.3 Default Remedies

If a Default Event shall have occurred and in any such event and at any time during the continuance of such event, Obillex may, by written notice to the relevant Discounter take one or more of the following Actions:

- a) terminate the relevant Member Agreement and/or any other agreement made by the Discounter with Obillex;
- b) vary the Discounting Terms and/or the Fees and other terms agreed by the Discounter in connection with O-Bills to be Discounted so long as such variation shall not affect O-Bills already Discounted; and/or
- c) suspend, cancel or otherwise vary the Discounter's ability to Discount further O-Bills.

If a Default continues unrectified for more than seven (7) days, the Discounter is deemed to have authorised Obillex to notify relevant Members of the Obillex Community of the particulars of its Default. In addition, Obillex has reserved the right to decline to transact any further business with the Discounter and/or to pursue any other legal remedy.

5 SECTION E – GENERAL TERMS AND CONDITIONS

5.1 Updates

This Rule Book will be updated from time to time to reflect changes to the Obillex service offerings. Obillex will provide Members with an electronic copy of this Rule Book.

This Rule Book may be updated in accordance with the following provisions. Members should ensure that they are using the most up-to-date version.

Whenever Obillex issues an update to this Rule Book, it will supply a copy (which may be supplied electronically only) to Members within five (5) Business Days of issue. Each Member will be entitled to decline in writing to accept such updated terms and on notifying such refusal will be deemed to have given notice to terminate its Member Agreement. In the absence of any refusal in writing to accept any update(s) to this Rule Book, updates to this Rule Book will take effect from the date specified by Obillex and which shall not be earlier than 20 Business Days after the date of publication of the relevant update on the Obillex website (www.obillex.com) and apply to all Instructions issued and O-Bills Drawn after such date.

All updates to this Rule Book will be made in consultation with a User Group formed of a range of Members representing the different users of the Obillex System. The make-up of the User Group will be selected by Obillex with a view to maintaining a balanced representation of Members. Members which are interested in participating in the User Group should contact Obillex to record their interest.

5.2 Information

Information can only be entered or changed on the Obillex System by the completion of the relevant e-form. References to notifying a Member and/or Obillex shall, unless otherwise stated in this Rule Book, be deemed to refer to the submission of the relevant e-form through the System. No changes may be made to an O-Bill once it has been recorded in the Bill Register.

5.3 Member Administrator

As part of the Member set-up process, a member of staff or another appropriate officer (or duly authorised agent) will have been designated as the administrator for each Member.

5.4 Authorised Users

A Member's Administrator is responsible for the appointment and on-going management of a Member's authorised users by completing the Setup form.

5.5 Instructions

Members may issue Instructions from time to time through the System to Draw, Accept, Endorse, Split and Discount O-Bills. All Instructions must be made through the System. If an Instruction is not accepted by the System, Obillex shall notify the relevant Member(s) and the relevant Instruction shall be deemed to have been cancelled.

Each Member appoints Obillex as its agent with respect to Instructions executed on the System, and Obillex accepts such appointment. This appointment confers on Obillex all powers and authorities on behalf of the relevant Member which are necessary for, or reasonably incidental to, executing Instructions on the System and each Member shall ratify and confirm everything which Obillex shall lawfully do in the exercise of such powers and authorities. An Instruction which has been executed by the System shall be binding on the Member which issued that Instruction.

Obillex and/or other Members shall be entitled to rely upon an Instruction or other communication by a Member as being irrevocable, irrespective of any error or fraud or the identity of the individual acting or purporting to be acting for the Member. Each Member waives the right to contest the validity or enforceability of any such Instruction or communication.

The communication of each Instruction shall constitute a warranty by the Member giving the Instruction that all relevant information provided in the Instruction is, to the best of that member's knowledge, information and belief, true and accurate in all material respects. In no event shall Obillex be liable due to the falsity or inaccuracy of the account information provided to it by any Member.

Each Member shall comply with all relevant laws and regulations applicable to its Member Agreement, this Rule Book and transactions conducted using the System including, without limitation, all applicable sanctions and export control laws. Obillex shall not be obliged to execute any Instruction which would contravene any law, rule or regulation to which Obillex is subject.

5.6 Audit Trail

The Obillex System records the date, time and user ID for each Instruction and other event concerning an O-Bill. In the absence of manifest error or fraud, entries in the System shall be conclusive and binding.

5.7 Fees

Obillex shall be entitled to payment of Fees from Members as notified by Obillex in the Fees Notification. The Fees may vary from time to time and Obillex will give Members not less than 20 Business Days' prior written notice of any change in the Fees. A Member will be entitled to decline to accept such changed Fees and on notifying such refusal that Member will be deemed to have given notice to terminate its Member Agreement. In the absence of any refusal to accept any variation in the Fees, the amended Fees will apply from the date the date specified by Obillex and which shall not be earlier than 20 Business Days after the notification of the proposed change and apply to all Instructions issued and O-Bills Drawn after such date.

5.8 User Licence

By entering into its Member Agreement, each Member is granted a non-exclusive, non-transferable worldwide licence for the duration of its Member Agreement to access and use the Obillex System and the Licensed Resources solely for the purposes contemplated by that Member Agreement and this Rule Book.

Obillex, its subsidiaries, affiliated companies, assigns and licensors retain title to, and ownership of all proprietary rights in the Licensed Resources (including but not limited to copyright, patent, database right, trade secrets, trade names, trademark rights (whether registered or unregistered), or any other rights or licences in respect of the Licensed Resources as well as revisions, upgrades, updates, derivative works and

other improvements to any of the Licensed Resources). All rights not expressly granted to each Member in its Member Agreement and this Rule Book are reserved to Obillex. The rights provided under its Member Agreement and this Rule Book to each Member are granted personally to that Member only, and shall not be considered granted to any Subsidiary or Holding Company of that Member.

5.9 Use of Licensed Resources

Each Member is permitted to print a reasonable number of copies of extracts from this Rule Book and to reproduce electronic copies solely to the extent reasonably necessary for the purpose of exercising its rights and fulfilling its obligations under its Member Agreement. All other copying, distribution or use of any of the Licensed Resources is strictly forbidden. No Member shall, except as may be allowed by any applicable law which is incapable of exclusion by agreement between the parties, and except to the extent expressly permitted under its Member Agreement and this Rule Book:

(a) copy, alter or modify, duplicate, create derivative works from, frame, mirror, republish, download, display, transmit or distribute any portion of any Licensed Resources or attempt to reverse compile, reverse engineer, reverse assemble or disassemble all or any part of the Software or the System in any form or media or by any means; or

(b) access all or any part of the Software or System in order to build a product or service which competes with the Licensed Resources; or

(c) use the System and Software to provide services to third parties; or

(d) license, sell, rent, lease, transfer, assign, distribute, display, disclose, or otherwise commercially exploit, or otherwise make the System or Software or Rule Book available to any third party except its authorised users, or

(e) attempt to obtain, or assist third parties in obtaining, access to the System or Software.

Each Member shall:

(a) use its best endeavours to ensure that any of its authorised users acting on its behalf shall keep a secure password for such use of the Software and System, that such password shall be kept confidential;

(b) maintain a written, up to date list of current authorised users and provide such list to Obillex within 5 Business Days of Obillex's written request at any time or times; and

(c) permit Obillex to audit the System in order to establish the name and password of each authorised user and if any of the audits reveal that any password has been provided to any individual who is not an authorised user, then without prejudice to Obillex's other rights, the relevant Member shall promptly disable such passwords.

Each Member shall use its best endeavours not to access, store, distribute or transmit any viruses, or any material during the course of its use of the Software and the System that: (a) is unlawful, harmful, threatening, defamatory, obscene, infringing, harassing or racially or ethnically offensive; (b) facilitates illegal activity; (c) depicts sexually explicit images; (d) promotes unlawful violence; (e) is discriminatory based on race, gender, colour, religious belief, sexual orientation, disability; or (f) in a manner that is otherwise illegal or causes damage or injury to any person or property. Obillex reserves the right, without liability or prejudice to its other rights to disable a

Member's access to any material that breaches the provisions of this clause. Each Member shall use all reasonable endeavours to prevent any unauthorised access to, or use of, the Licensed Resources and, in the event of any such unauthorised access or use, promptly notify Obillex.

5.10 Intellectual Property Rights

Each Member shall own all right, title and interest in and to all of its Data and shall have sole responsibility for the legality, reliability, integrity, accuracy and quality of the Data.

Obillex shall defend each Member and its officers, directors and employees against any claim that the Licensed Resources infringe any United Kingdom patent effective as of the Commencement Date, copyright, trade mark, database right or right of confidentiality, and shall indemnify each of them for any amounts awarded against each of them in judgment or settlement of such claims, provided that:

(a) Obillex is promptly given notice (and in any event within 2 Business Days of becoming aware of the same) of any such claim;

(b) the Member, its officers, directors and employees, as relevant, provides reasonable co-operation to Obillex in the defence and settlement of such claim; and

(c) Obillex is given sole authority to defend or settle the claim.

In the defence or settlement of any claim, Obillex may procure the right for the Member to continue using the Licensed Resources, replace or modify the Licensed Resources so that they become non-infringing or, if such remedies are not reasonably available, terminate the relevant Member Agreement(s) on 2 Business Days' notice to the relevant Member(s) without any additional liability or obligation to pay liquidated damages or other additional costs to any of them. In no event shall Obillex, its employees, agents and sub-contractors be liable to any member to the extent that the alleged infringement is based on:

(a) a modification of the Licensed Resources by anyone other than Obillex; or

(b) the Member's use of the Licensed Resources in a manner contrary to the instructions given to them by Obillex; or

(c) the Member's use of the Licensed Resources after notice of the alleged or actual infringement from Obillex or any appropriate authority.

The foregoing states each Member's sole and exclusive rights and remedies, and Obillex's (including Obillex's employees', agents' and sub-contractors') entire obligations and liability, for infringement of any patent, copyright, trade mark, database right or right of confidentiality.

5.11 Data Protection

In this Section 5.11, "data controller", "data processor", "data subject", "personal data" and "process" shall have the meaning given in the Data Protection Act 1998.

Each Member, when accessing the System or the Software, must comply with the Website Terms.

Obillex shall, in providing its services under any Member Agreement and this Rule Book comply with the Privacy Policy.

Each Member must, in a timely fashion, provide to Obillex such information as is requested by Obillex so that it may perform its services under its Member Agreement and this Rule Book. To the extent that any such information contains any personal data, Members accept that Obillex shall be the data controller in respect of such personal data and in any such case:

(a) each Member acknowledges and agrees that personal data may be transferred and stored solely within the EEA in order to carry out Obillex's services and other obligations under its Member Agreement and this Rule Book;

(b) each Member shall ensure that it is entitled to transfer the relevant personal data to Obillex so that Obillex may lawfully use, process and transfer the personal data in accordance with its Member Agreement and this Rule Book;

(c) each Member shall ensure that the relevant third parties have been informed of, and have given their consent to, such use, processing, and transfer as required by all applicable data protection legislation;

(d) each Member and Obillex shall take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data or its accidental loss, destruction or damage.

Each Member consents to:

(a) the disclosure by Obillex, where relevant, of information supplied by it to Obillex (including any personal data) to those Members with which the Member has entered into any transaction through the System;

(b) the disclosure by other Members of information (including any personal data) held by those Members relating to any other Member to Obillex to the extent necessary or desirable in connection with the operation of the System, including but not limited to the information held within a Buyer's accounting, payment and settlement systems; and

(c) any use by Obillex of any information (including any personal data) provided by the Member to Obillex, provided always that such use by Obillex shall be consistent with the rights of others.

Each Member shall allow representatives of Obillex, at reasonable times upon reasonable notice, to examine and take copies of any of the Member's records relating to its Member Agreement which are reasonably required in order to comply with an order, instruction or request from any governmental, administrative, judicial or emergency body or any other authority of competent jurisdiction, or to ensure compliance with the terms of its Member Agreement and this Rule Book. Any such documents shall be returned to the Member once such access is no longer required.

Obillex shall use good faith reasonable endeavours to ensure that the confidentiality of Members' data held or processed on the System.

5.12 Money Laundering Requirements

To ensure compliance with the Money Laundering Regulations, Obillex may require, at its absolute discretion, verification of the identity of any member or any person applying to become a Member. Each Member must provide Obillex with such information and other evidence as Obillex may require from time to time to satisfy any verification of identity requirements to which Obillex is subject. If Obillex determines

that the verification of identity requirements apply to any Member, that Member's Member Agreement may be suspended unless and until the verification of identity requirements have been satisfied in respect of that Member. Obillex is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Member and whether such requirements have been satisfied, and Obillex will not be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

5.13 Termination

Any Member or Obillex may terminate that Member's Member Agreement upon giving not less than 90 days prior written notice of termination to the other. However, either any Member or Obillex may terminate that Member's Member Agreement immediately upon notice of material breach of the Member Agreement and/or the provisions of this Rule Book by the other. Notwithstanding any termination of its Member Agreement (whether under this Rule 5.13 or any other provision of its Member Agreement and/or this Rule Book), a Member shall remain liable for the settlement of any and all transactions which remain unsettled and any Instruction issued by it and executed by the System prior to its termination. For the avoidance of doubt, all O-Bills Accepted by a Buyer prior to the termination of its Member Agreement shall remain irrevocable and unconditional obligations of, shall become immediately due and payable and will be honoured by the Buyer and the Buyer shall remain responsible for funding the Settlement Account with respect to any O-Bills that remain due and outstanding at the time of termination.

5.14 Survival

If a Member Agreement is terminated in accordance with this Rule Book, then the relevant Member's Member Agreement shall be of no further force and effect, except that this Rule 5.14, Rule 5.20 (*Law and jurisdiction*), all confidentiality, security, payment and reimbursement obligations and all limitation of liability provisions contained in this Rule Book shall survive and remain in full force and effect notwithstanding such termination and the payment of all amounts owing hereunder. On termination of a Member Agreement for any reason: (a) all licences granted under that Member Agreement and this Rule Book shall immediately terminate; (b) Obillex may retain, destroy or otherwise dispose of any of the Data in its possession; and (c) the accrued rights of the terminating Member, Obillex and other Members as at termination shall not be affected or prejudiced.

5.15 Limitation on Liability

In the absence of gross negligence, wilful misconduct or material breach on its part in the performance of its duties under a Member Agreement and this Rule Book, Obillex shall not be liable for any action taken, suffered or omitted, or in accordance with any direction or request of any Member.

No Member nor Obillex shall be liable to any other Member and/or Obillex (as the case may be) for any indirect, exemplary, special, incidental, or consequential damages or loss, even if advised of the possibility of such loss or damage. No Member nor Obillex shall be liable for any claims, liabilities, or expenses due to forces beyond their respective reasonable control, including without limitation strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, or communications. Notwithstanding the foregoing, this paragraph shall have no limitation on the liability of a Supplier in the event of a breach of warranty under Rule 3.3.2 (*undertaking not to deal*).

5.16 No Assignment

No Member nor Obillex may assign any of its rights or obligations under its Member Agreement and this Rule Book without the prior written consent of the other; provided, however, that Obillex may assign its rights and obligations under any Member Agreement in whole or in part to any of its Subsidiaries or Affiliates, or to any corporation into which Obillex may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which Obillex shall be a party upon written notice to Members.

5.17 Waiver

Failure of any Member or Obillex to insist upon strict performance of any provision of a Member Agreement or this Rule Book or the failure of any Member or Obillex to exercise any right or remedy to which it is entitled under its Member Agreement and/or this Rule Book shall not constitute a waiver thereof as between that Member, Obillex and all other Members, and shall not cause a diminution of the obligations under its Member Agreement and the Rule Book. No waiver of any of the provisions of a Member Agreement or this Rule Book shall be effective unless it is expressly stated to be such and signed by the Member or Obillex giving the waiver.

5.18 Severability

If any provision of a Member Agreement or this Rule Book is held invalid, illegal or unenforceable for any reason by any Court of competent jurisdiction, such provision shall be severed and the remainder of the provisions of the relevant Member Agreement and this Rule Book shall continue in full force and effect as if the relevant Member Agreement had been executed with, and this Rule Book had been updated with, the illegal or unenforceable provision eliminated.

5.19 Notices, amendment and counterparts

Any notice to be given under or in respect of a Member Agreement or this Rule Book shall be sent to the address, fax or email address set out in the recipient's [Application Form (or such other address, fax or email address as the Supplier may notify to Obillex in writing) – **update to reflect where Member information can be found on the System**] or, in the case of Obillex:.

Address:	22 Adam and Eve Mews, London W8 6UJ
Email:	customer.service@obillex.com
Attention:	Head of Operations

If posted in the United Kingdom first-class postage pre-paid, every such notice shall be deemed to have been served on the second Business Day following that on which it was so posted and if given by fax or email shall be deemed to have been served on transmission provided the sender does not receive a reply that the email message or fax is undeliverable. Where notice is received or deemed received otherwise than between 8.00 a.m. and 6.00 p.m. (London time) on a Business Day, that notice shall be deemed to have been given and received at 8.00 a.m. on the next occurring Business Day.

Subject to Rule 5.1 (*Updates to this Rule Book*), no Member Agreement shall be modified except in writing and signed by the relevant Member and Obillex. Member Agreements may be executed in counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of the relevant Member Agreement.

5.20 Law and Jurisdiction

This Member Agreement and the Rule Book and any dispute or claim arising out of or in connection with it or them or its or their subject matter or formation (including non-contractual disputes or claims) are governed by the law of England and Wales. The Parties irrevocably agree that the courts of England and Wales have exclusive jurisdiction to determine any dispute or claim that arises out of or in connection with this Member Agreement and the Rule Book or its or their subject matter or formation (including non-contractual disputes or claims).

6 SECTION F - DEFINED TERMS

"**Acceptance Date**" means the date on which an O-Bill is Accepted by the Buyer.

"**Accepted / Accepting / Acceptance**" means the action by a Buyer of accepting an O-Bill Drawn by or on behalf of a Supplier or Holder Member through the System.

"**Acceptor**" means a Buyer which has Accepted an O-Bill.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Amount**" means the amount in a specified currency due payable by a Buyer in respect of an O-Bill as Acceptor to be held in the Settlement Account in trust for the Holder.

"**Application Form**" means the Obillex form completed by a Member on becoming a Member setting out that Member's details and including, among other details, particulars of the bank account into which payments due to it under the System are to be paid.

"**Bill Register**" means the electronic register maintained on the System in accordance with this Rule Book, which records the particulars of each O-Bill which has been Drawn and Accepted together with the Amount and the identity of the Buyer, Supplier and current Holder.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

"**Buyer**" means a Member of the Obillex Community which has agreed in writing to settle its trade indebtedness to a Supplier by means of an O-Bill.

"**Data**" means the data inputted by a Member or Obillex for the purpose of using the System or facilitating their use of the System.

"**Default Event**" means, in respect of a Member:

- (a) any representation or warranty made by that Member under its Member Agreement and/or this Rule Book was materially inaccurate at the date made or is no longer true;
- (b) that Member commits a breach of its Member Agreement and/or this Rule Book and, in the event of that breach being capable of remedy, such breach continues unremedied for a period of seven (7) days (or such longer period as Obillex may agree) after notice to the relevant Member from Obillex;
- (c) the occurrence of any development or event that has had or could reasonably be expected to have a material adverse effect on the Member's or any other member of its Group's business, assets, properties, operations, financial condition or prospects;
- (d) the Member or a member of its Group suspending or ceasing (or threatening to suspend or cease) the payment of its debts (or any class of them), it or a member of its Group being unable (or admitting inability) to pay its debts (or any class of them) as they fall due or it or a member of its Group being deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 (but excluding all references therein to "if it is proved to the satisfaction of the court");
- (e) the taking of any corporate action or other step by any person with a view to: (i) the passing of a resolution, the presentation of a petition, the making of an application or the making of an order for, or the publication of notice of, that Member's or a member of its Group's winding up, dissolution or striking-off; (ii) the presentation of a petition for or the making of, or an application to court for, an administration order or the giving or filing of a notice of

appointment of, or notice of an intention to appoint, an administrator of the Member or a member of its Group; (iii) the appointment of a liquidator, administrator, receiver, receiver and manager, administrative receiver or similar officer over or in relation to the Member or a member of its Group or the whole or any part of its or a member of its Group's assets, rights or revenues; (iv) obtaining a moratorium in respect of the Member or a member of its Group or any of its or a member of its Group's indebtedness; (v) commencing negotiations for, proposing, implementing or entering into any composition, arrangement, compromise or scheme with, or for the benefit of, the Member's or a member of its Group's creditors or any class of them (whether or not involving a reorganisation or rescheduling of debt) including but not limited to a voluntary arrangement under the Insolvency Act 1986 or a scheme of arrangement under part 26 of the Companies Act 2006; or (vi) the enforcement of any security over or against any of the Member's or a member of its Group's assets;

(f) the occurrence of any of the events set out in paragraphs (i) to (vi) inclusive of paragraph (e) of this definition;

(g) any expropriation, attachment, sequestration, distress or execution or other legal process is levied upon or enforced against or otherwise affects any of the Member's or a member of its Group's assets;

(h) any procedure, process, step or event with an effect equivalent, analogous, corresponding or similar to any of the events specified in subparagraphs (a) to (g) (inclusive) occurring under the laws of any jurisdiction outside England and Wales;

(i) the Member ceases to carry on all or a substantial part of its business as presently conducted; or

(j) at any time it is unlawful for the Member to perform any of its obligations under its Member Agreement and/or this Rule Book or in respect of any O-Bill,

provided that only sub-paragraphs (a), (b), (i) and (j) above shall apply in the case of any Member which is a government, local government, public or similar authority.

"Disbursement Bank" means a bank at which a Settlement Account and/or Discounting Account is maintained.

"Discount / Discounting / Discounted" means the purchase of an O-Bill (pursuant to an Endorsement by the Holder) by the Discounter, without recourse to the Supplier or any Endorser, for a consideration determined in accordance with the Discounting Terms.

"Discount Commission" means the fees and charges for discounting an O-Bill as described in the Discounting Terms.

"Discount Proceeds" means the Amount of the O-Bill less the Discount Commission.

"Discounter" means a bank, financial institution, trust, fund or other entity which is a Member and has agreed to undertake the purchase of an O-Bill for a discounted consideration or which may access the System and agree to purchase one or more O-Bills.

"Discounter Profile" means a notification on the System by the Discounter of the rate at which the Discounter is willing to offer to acquire an O-Bill Drawn on a specified Buyer.

"Discounting Account" means a bank account maintained and operated in the name of Obillex which has been designated as a trust account for the benefit of intended Member payees into which a Discounter will pay funds if it purchases an O-Bill. The Paying Agent will instruct the Disbursement Bank to make payments from

the Discounting Account to the relevant Member in accordance with the terms of the Member Agreements and this Rule Book.

"Discounting Terms" means such limits, fees, margins, and other amounts comprising Discount Commission with respect to the Discounting of O-Bills as shall be agreed from time to time in writing by the Discounter.

"Dishonour / Dishonoured" means the failure by a Buyer to remit the full Amount of an O-Bill in accordance with its Member Agreement and this Rule Book, by no later than the Due Date.

"Drawer" means the Supplier which has Drawn or had Drawn on its behalf an O-Bill.

"Drawn / Drawing" means the action by a Supplier or Holder of Drawing an O-Bill on a Buyer on the relevant Supplier through the System.

"Due Date" means, with respect to an O-Bill, the Business Day on which the payment obligation of a Buyer under an O-Bill will be due and payable, that date being the later of (i) the due date specified in the O-Bill on the System for payment or (ii) if such date is not a Business Day, the first Business Day following that date.

"Endorsed / Endorsing" means the action of a Holder of endorsing an O-Bill on the System into the ownership of another Member.

"Endorser" means a Member which has Endorsed an O-Bill.

"Fee" means such fees, commissions and other amounts with respect to the services of Obillex as advised by Obillex in a Fees Notification from time to time.

"Fees Notification" means the fees and charges payable by members for using the System as notified by Obillex to Members from time to time in accordance with the terms of this Rule Book.

"Group" means (where a Member is a body corporate) the Member, each Holding Company of the Member, each Subsidiary of the Member and the Subsidiaries of any Holding Company of the Member.

"Holder" means a Supplier in its capacity as Drawer of an O-Bill or, if the O-Bill has been Endorsed, the endorsee who has not further Endorsed that O-Bill.

"Holding Company" means a holding company or parent undertaking within the meaning of sections 1159 and 1162 of the Companies Act 2006.

"Instruction" means an instruction given by a Member to Obillex through the System for the Drawing, Accepting, Endorsing, Splitting and Discounting of O-Bills.

"investment grade" means that a Member's long-term debt is rated as investment grade by an authorised ratings agency (in the case of Moody's such debt being rater Baa3 or above, Standard & Poors BBB- and above and Fitch BBB- or above, or he equivalent such ratings of any other authorised ratings agency).

"Licensed Resources" means the Software, the System, the Policies and Procedures and this Rule Book and any other resources which Obillex may notify to be licensed to Members from time to time.

"Member" means any business entity, including Buyers, Discounters and Suppliers, which, with the agreement of Obillex, has become a member of the Obillex Community in accordance with this Rule Book.

"Member Agreement" means an agreement between the relevant Member and Obillex by which the relevant Member has become a member of the Obillex Community.

"Notice of Dishonour" means the notice given by Obillex to the relevant Supplier, Buyer and Holder when an O-Bill is Dishonoured.

"O-Bill" means an electronic contracted legal equivalent of a bill of exchange Drawn by or on behalf of a Supplier (or, if Drawn as a result of a request to Split an existing

Registered O-Bill, the Holder of the existing registered O-Bill being Split), and Accepted by a Buyer for the payment by the Buyer to the Paying Agent on the specified Due Date of a specified amount (in relation to which there is an underlying bona fide trade transaction) for onward remittance to the Holder.

"Obillex Community" means Obillex and all Members from time to time.

"Paying Agent" means a bank or other financial institution appointed from time to time by Obillex which (i) gives instructions to a Disbursement Bank for payments to the Holder from the Settlement Account and (ii) where applicable, gives instructions for the payment of the Discount Proceeds from the Discounting Account to an Endorser.

"Policies & Procedures" means all written and electronic forms and information provided from time to time (whether contained in this Rule Book or otherwise) by or on behalf of Obillex in connection with use of the System or as the same may be amended from time to time and notified to the Members.

"Privacy Policy" means the policy relating to the privacy and security of the Data available at www.obillex.com or such other website address as may be notified by it from time to time, as such document may be amended from time to time by Obillex in its sole discretion.

"Protest / Protesting" means the process whereby collection is sought on an O-Bill which has been Dishonoured.

"Recourse Party" means each of the parties recorded on the Bill Register as the Acceptor in the case of an O-Bill.

"Registered O-Bill" means an O-Bill recorded electronically on the Bill Register.

"Rule Book" means this written guide to Members and the Policies & Procedures each as amended and provided from time to time by Obillex.

"Settlement Account" means a bank account maintained and operated in the name of Obillex which has been designated as a trust account for the benefit of intended Member payees into which a Buyer shall remit the Amount on or before the Due Date. The Paying Agent will instruct the Disbursement Bank to make payments from the Settlement Account to the relevant Member in accordance with the terms of the relevant Member Agreement and this Rule Book.

"Software" means the online software applications provided by Obillex to Members for the System as amended by Obillex from time to time.

"Split / Splitting" means the execution by the System of an Instruction by a Holder to cancel an existing Registered O-Bill and to Draw new O-Bills on the Buyer of the existing Registered O-Bill, provided that the terms of the new O-Bills are identical to the existing Registered O-Bill except as to the Amounts and the aggregate Amounts of the new O-Bills equal the amount of the existing Registered O-Bill;

"Subsidiary" means a subsidiary or subsidiary undertaking within the meaning of sections 1159 and 1162 of the Companies Act 2006.

"Supplier" means a Member of the Obillex Community which has agreed in writing to settle trade indebtedness owed to it by means of an O-Bill.

"System" or **"Obillex System"** means the platform, services, methods, processes and procedures, both manual and automated, through which Obillex offers Members the ability to Draw, Accept, Split, Endorse, Discount and otherwise deal and transaction in O-Bills from time to time.

"Term" means the period commencing on the Commencement Date (as set out in the relevant Member Agreement) and ending on the date of termination or expiry of the relevant Member Agreement in accordance with its terms.

"Website Terms" means the Obillex terms of use relating to the website available at www.obillex.com or such other website address as may be notified by it from time to time, as such document may be amended from time to time by Obillex in its sole discretion.

In addition:

- (a) references to a Rule or clauses, sections, paragraphs or sub-paragraphs are references to clauses, sections, paragraphs or sub-paragraphs of the relevant Member Agreement or this Rule Book;
- (b) any reference to writing includes any mode of reproducing words in any legible form, including electronically;
- (c) references to any person shall, where relevant, be deemed to be references to or to include their respective successors, assigns, transferees and (in the case of individuals) estates and personal representatives;
- (d) references to a person include any individual, firm, company, undertaking, entity, corporation, government, state or agency of a government or state;
- (e) words denoting one gender include each of the others;
- (f) a reference to a time of day is a reference to London time;
- (g) if a period of time is specified as from a given day or from the day of a specified act or event, it shall be calculated exclusive of that day;
- (h) a reference to a provision of law is a reference to that provision as amended or re-enacted; and
- (i) clause, section, paragraph, sub-paragraph and appendix headings are for ease of reference only and shall not affect construction.