



Credebt Exchange Limited

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Website: www.credebtexchange.com



ETR Collections Policy v. 1.5

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**Credebt Exchange Limited**

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Email : finance@credebtexchange.comWebsite: www.credebtexchange.com**Overview**

| No. | Summary | Explanation | Read More Here |
|-----|---|---|---------------------------|
| 1 | Selling on Credebt Exchange® is simple | To sell an invoice on Credebt Exchange®, you simply set your Terms of Trade and post it to the Trade Floor | 1 3.1 |
| 2 | Your information is strictly confidential | Investors cannot see your details, or the details of any invoice you Offer to sell as an Exchange Traded Receivable [ETR]. They only see your Originator ID | 1.1 1.1.2 |
| 3 | Your reputation is very important | Your Originator ID and reputation on the Exchange is affected by the quality of the ETR you Offer | 1.2 |
| 4 | Before starting you should understand | Before trading, you should carefully read the terms and conditions of trade. These are <u>very</u> important | 2 |
| 5 | You are selling your ETR | In accordance with the Credebt Exchange® Master Agreement, every ETR Offer is purchased by Credebt Exchange®. Once you are paid the Purchase Price, Credebt Exchange® owns the ETR and holds it in trust for the Investor | 2 2.1 |
| 6 | Outright or at a Monthly Discount | You can opt to Offer an ETR for Outright ETR at a fixed amount, or you can Offer a monthly discount rate (for more regular & reliable trading and finance) | 3.1.2.1 3.1.2.2 3.3 |
| 7 | Start by Trading manually by selling | We recommend that you trade manually, a few times, until you understand how the Exchange works | 3.1 3.3 |

IMPORTANT LEGAL NOTICE

Trading the Exchange is subject to the Credebt Exchange® Master Agreement. In accordance with the Master Agreement, and as defined therein, this is a Credebt Exchange® Document. Once permitted onto the Exchange system, all trades are executed in real time and are legally binding. If you are concerned about any aspect of trading on Credebt Exchange®, consult your legal and/or financial advisors. It is also strongly recommended that you read and study this document thoroughly.



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1 Introduction to Credebt Exchange®

For all sizes of company, new and more diverse funding sources are required. The capital requirements on banks can only increase over time; put further pressure on their ability to lend; and most likely, result in increased rates that will be charged to borrowers.

Credebt Exchange® is an established provider of alternative working capital in the European financial market. The Exchange provides companies with quick, flexible access to alternative working capital in a transparent marketplace. Other internet based models, invoice discounting or factoring, may emulate the Exchange but there is only one Credebt Exchange®.

Credebt Exchange® is a market place just like any other exchange except it is specifically used for trading invoices to investment quality† Debtors. Invoices Offered on the Exchange become Exchange Traded Receivables [ETR] and can be traded on an-as-needed basis, or on a revolving basis where a committed term facility is needed (to replace a bank overdraft/term loan). Credebt Exchange® puts Originators (i.e. ETR sellers) in control of their own finances.

Exchange Originators simply select the ETR they wish to sell, set the value/discount rate and then Offer them to the market. Institutional Investors (i.e. ETR buyers) Bid against each other to meet the Originator's terms, or they Bid below it and the Originator can accept, or reject it.

The Exchange gives companies of all sizes, access to funding using their high quality ETR and does so without the need for complex security arrangements, liens, personal guarantees or recourse to the Originator (in the event of Debtor default). Pricing is fully transparent and the Originator is in total control of what ETR it Offers and how frequently it uses Credebt Exchange®.

1.1 Trading Confidentially

Access to the Exchange Trade Floor is strictly controlled and the identity of all Originators and Investors is highly protected and strictly confidential.

1.1.1 Exchange Access Security

The Exchange uses the military grade security protection of Digi-Access™ digital certificates combined with usernames and passwords. This level of security is used by financial institutions and governments where the identity of the user and the protection of access to information are of paramount importance.

Every Member of the Exchange, and all Credebt Exchange® employees, can only access the Exchange Trade Floor if they possess a valid Digi-Access™ certificate. Digi-Access™ certificates

† Investment quality is a combination of Investment Grade organisations and other credit worthy organisations as determined by AIG, Inc. from time to time



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must be purchased from Credebt Exchange® as part of the Registration process for all Originators.



To apply for your Digi-Access™ certificate, use the Originator Registration form:

<https://www.debtorsxchange.com/originator/register.php>

1.1.2 Originator Identity

All Investor and Originator identities are concealed and all Originator and Investor organisation details are also not visible to any other Member of the Exchange. Members of the Exchange can only see the other parties' Exchange Membership numbers.

| Exchange Trade Center Trade Floor | | | | | |
|-------------------------------------|-------------|---------|-------------|---------|---------|
| Trade Floor | | | | | |
| Debtor | Nc/Nd | R/C'000 | Tdr/Blkr | Nc/Nd | R/C'000 |
| Blackroc... | N85 6511 90 | 700 | 20120117051 | E40 402 | |
| IBM Teel... | K72 72 94 | 15,000 | 20120117051 | C# | |

Although Originators must upload all ETR to the Exchange, only Credebt Exchange® personnel can view these ETR. No Investor, or Dealer, can see the Originator's identity on the Trade Floor, or have any way to view any ETR. ETR are strictly confidential to the specific Originator that posted the Offer and Credebt Exchange® personnel, only.

1.2 Originator Reputation

As an Originator, you are selling your ETR. The only information an Investor sees about your organisation is the trades you have made and whether they were good, or bad trades.

- IMPORTANT ORIGINATOR WARNING -

As an Originator, if you Offer an ETR that is not paid within 15 days of the Expected date (see sub section 2.1), or the ETR subsequently becomes distressed/delinquent, then the Investor is entitled to know your organisation's and your personal identity. Offering 'bad' ETR will affect your reputation and may result in failure to sell other ETR (and/or may result in your organisation's Exchange Membership being terminated without notice or refund).



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2 Terms & Conditions

The principal terms and conditions of trading on the Exchange are contained in the Credebt Exchange® Master Agreement. The Agreement can be examined on the official Credebt Exchange® website and is a confidential, legal agreement between your organisation and Credebt Exchange®. Only Registered Members (see sub section 1.1.1) are permitted access to the Agreement using this web address:

<https://www.credebtexchange.com/exchange/legal>

Before trading, you should read and understand the Credebt Exchange® Master Agreement thoroughly. It is also recommended that you consult your legal and/or financial advisor before trading on the Exchange. The Credebt Exchange® Master Agreement is a legal contract between you as an Originator and Credebt Exchange®.

The key elements below are not a legal opinion. They are listed for highlighting purposes only. For a full understanding of the legal implications of trading on the Exchange, you must refer to the complete Credebt Exchange® Master Agreement as instructed above:

✚ By law, transfers of Debtors ETR where the Investor takes legal assignment of the debt, requires that it must be:

- absolute (not by way of charge only);
- in writing and signed by the Originator; and
- expressly notified to the Debtor

This means that once the Originator signs the Credebt Exchange® Master Agreement, for every ETR the Originator trades/sells, the Debtor must receive the Notice of Assignment [NoA] from Credebt Exchange®

✚ The Originator will not have any right to re-acquire the ETR

✚ The Investor does not have any obligation to account to the Originator for any profit made on the disposition by it of the ETR it buys and pays for

✚ Credebt Exchange® has full recourse to the Originator for the Face Value of any ETR, plus fees and commissions, that is not settled on, or before, the Expected date (including if it is discovered that the ETR is not genuinely owed by the Debtor, or it is fraudulent, or was issued in error howsoever caused)

✚ Any transfer of ETR by an Originator, where they are liable to be wound up, may be subject to challenge in the insolvency of that Originator on various statutory and non-statutory grounds. It is unlikely this would happen because the Originator would

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have received good value for the debt (i.e. has been substantially paid for the ETR and the discount is nominal)

2.1 Legal Framework & Transaction Mechanics

From a commercial perspective the primary concerns of Credebt Exchange® are to ensure that:

- ✚ the ETR being purchased by the Investor are valid and payable
- ✚ Credebt Exchange® as Document Agent and Servicer on behalf of the Investor has the rights to receive and pursue, the debt

To illustrate how an ETR is purchased and transacted on the Exchange, the example below shows a simplified Managed ETR (see sub section 3.1.2.2) transaction:

| | |
|--|-----------|
| ETR Face Value | 10,000.00 |
| Expected Date (i.e. ETR payment date, set by Originator) | 60 days |
| Monthly Discount Offer (i.e. set by Originator) | 0.979% |
| Maximum Maturity Date (see below *) | 180 days |

* On the day the ETR is traded/sold, it is assumed that the ETR will not take more than 180 days to be Settled (i.e. paid to the Investor). The funding cost and the commission to Credebt Exchange® is calculated on this basis and the Originator receives the proceeds of the Trade.

When the ETR is actually Settled, a subsequent Reserve payment is made to the Originator. The Reserve is calculated as the difference between the actual 60 days it took for the ETR to be Settled (i.e. paid by the Debtor, to the investor) and initial assumed period of 180 days.

| | |
|---|-----------|
| ETR Face Value | 10,000.00 |
| Total Monthly Discount for 6 months | - 587.40 |
| Purchase Price (i.e. from the Investor to the Originator & paid within 3 days of the Originator accepting the Bid†) | 7,000.00 |
| Charge if ETR Settled on day 60 | 195.80 |
| Refund payment to Originator | 2,804.20 |
| Total Receipt to Originator* | 9,804.20 |

† ETR is validated as authentic and owed by the Debtor to the Originator

* includes trade posting fees and bank transfer fees



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3 Trading on Credebt Exchange®

For every ETR that is posted for sale, the Originator must decide on their method of selling and the Sale Type they wish to use (see sub section 3.3 for more details on Trading Strategies). Trading can occur by posting trades manually, one-at-a-time and is most often used by Originators that are selling ETR on an as-needed basis.

Alternatively, your organisation can automate trading using the Revolving ETR for regular trading. Revolving ETR are used most commonly to replace a committed term facility (e.g. replace/compliment a bank overdraft/term loan).

3.1 Manual Trading

To manually Offer an ETR for sale, the Originator must enter their Offer and have the option to also set a Buy Out for Investors.

| Your Trade Terms | |
|---|---|
| Your Offer : (?) | * Monthly Discount Percentage: 0.825 (?) Learn more about Discount Percentages (?) |
| Allow Buy Out: <input checked="" type="checkbox"/> (?) | * Buy Out Discount Percentage: 0.825 (?) Learn more about Buy Out (?) |
| Close Trade on: (?) | <input checked="" type="radio"/> Bid Equals Offer <input type="radio"/> Date & Time indicated below (?) Learn more about Closing Trades (?) |
| Trade Closing : | * Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (?) * Hrs <input type="text"/> : Hrs <input type="text"/> (?) |
| <input type="checkbox"/> Use ETR Collection Service for this invoice: (?) | |

The Buy Out is always a better Offer. Its purpose is to give Investors an incentive to Bid quickly (see sub section 3.3 for more details on Offer Strategies) and Buy Out the trade. Originators can Offer ETR for sale using one of three Sale types:

3.1.1 Market Types

There are two markets that Originators can use. These are the Spot Market that offers 'as you need it' Working Capital and the Revolving Market. The Revolving Market is to Offer Revolving ETR and is a recurring market.

3.1.1.1 Spot Market

In the Originator uses the Exchange as a Spot Market and offers to trade their ETR 'one-at-a-time' as an Outright, Managed, or Performance ETR.

3.1.1.2 Revolving Market

In the Revolving Market, Originators agree to sell a specific 'block' of ETR over a certain period



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of time and Investors agree to purchase this block of ETR on a recurring/revolving basis. At all times, the Investor/Intermediary must be in possession of ETR that have an equal, or greater, Face Value than the amount paid to the Originator (see sub section 3.1.2.4).

3.1.2 ETR Types

There are four types of ETR and the most commonly used are the Outright ETR (see sub section 3.1.2.1 and the Revolving ETR (see sub section 3.1.2.4). Managed and Performance ETR are reserved for specific Originators and are not commonly available.

3.1.2.1 Outright ETR

An Outright ETR uses a fixed value amount. Trading occurs as follows:

- (A) The ETR Face Value is 10,000 and the Originator sets the Offer for 9,900 and the Buy Out for 9,800 (**note:-** the Buy Out is always a better Offer to Investors)
- (B) Investors will probably start Bidding at 9,000. At any instant prior to the Trade closing time, any Investor can choose to Buy Out the Trade at 9,800. In the absence of a Buy Out, whoever Bids the highest before the Trade closing time, wins. At the moment the Trade expires (i.e. the Trade closing time has elapsed), if the Bid is:
 - (i) more than or equal to the Offer, the Trade is automatically closed and accepted;
 - or
 - (ii) less than the Offer, then the Originator must decide whether to accept or reject the Bid

Note:- In an Outright ETR, the Originator receives the payment of the accepted Bid within 3 days and has no obligation whatsoever for the payment of the ETR by the Debtor. They have 'Sold' and are 'Done' (words like these are typical exchange trading terminology).

3.1.2.2 Managed ETR

A Managed ETR uses a discount percentage and trading occurs as follows:

- a. The ETR Face Value is 10,000 and the Offer is a Monthly Discount Percentage of 0.979% with the Buy Out Monthly Discount Percentage of 0.500%
- b. Investors will probably start Bidding at 1.000%. At any instant prior to the Trade closing time, any Investor can choose to Buy Out the Trade at 0.500%. In the absence of a Buy Out, whoever Bids the lowest before the Trade closing time, wins. At the moment the Trade expires, if the Bid is:



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- (i) less than or equal to the Monthly Discount in the Offer, the Trade is automatically closed and accepted;

or

- (ii) more than the Monthly Discount in the Offer, then the Originator must decide whether to accept or reject the Bid

In accordance with sub section 6.4 of the Credebt Exchange® Master Agreement, in the case of a Managed ETR only, payment of the Reserve to the Originator shall be deferred until, and is conditional upon, the relevant Traded ETR being Settled on or prior to the Maximum Maturity Date. If such Traded ETR is Settled on or prior to the Maximum Maturity Date then the Reserve shall be payable by the Investor upon the Reserve Payment Date.

In the case of a Managed ETR where the Traded ETR is not Settled on or prior to the Maximum Maturity Date, an amount equal to the Reserve shall be repaid to the Investor (less any applicable fees payable to Credebt Exchange) immediately following the Maximum Maturity Date. In such a case, the Purchase Price less the Reserve shall constitute the total Purchase Price payable by the Investor for such Traded ETR.

Note:- In a Managed ETR, the Originator receives the payment of the accepted Bid within 3 days and is obliged to ensure that the ETR is paid to the Credebt Exchange® Bank account on, or before, the Expected Date. For every day that the ETR remains unpaid it costs the Originator a daily charge, based on 1/360, that is deducted from the Refund (see sub section 2.1). After 180 days, the ETR is distressed and Credebt Exchange® will demand payment from the Debtor without any obligation to notify the Originator of any action.

3.1.2.3 Performance ETR

A Performance ETR also uses a discount percentage and is posted exactly the same way as a Managed ETR. However, a Performance ETR will attract a lower discount and will probably receive more Investors Bids. This is because the Originator is Offering additional assurance to Investors that the ETR will be paid, on or before the Expect Date.

In posting a Performance ETR to the Exchange Floor, the Originator is notifying all prospective Investors they are assured that payment will be received on, or before, the Expected Date. In Offering a Performance ETR is also notifying all prospective Investors that if payment is received after the Expected Date, the Investor can keep the entire refund amount.

In accordance with sub section 6.4 of the Credebt Exchange® Master Agreement, in the case of a Performance ETR only, payment of the Reserve to the Originator shall be deferred until, and is conditional upon, the relevant Traded ETR being Settled on or prior to the Expected Date. If

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such Traded ETR is Settled on or prior to the Expected Date then the Reserve shall be payable by the Investor upon the Reserve Payment Date.

In the case of a Performance ETR where the Traded ETR is not Settled on or prior to the Expected Date, an amount equal to the Reserve shall be repaid to the Investor (less any applicable fees payable to Credebt Exchange) immediately following the Settlement Date in respect of such Traded ETR. In such a case, the Purchase Price less the Reserve shall constitute the total Purchase Price payable by the Investor for such Traded ETR.

Note:- Offering a Performance ETR may result in better Bids from Investors but the Originator risks losing the entire refund if the Debtor receives payment after the Expected Date.

3.1.2.4 Revolving ETR

The Revolving Market is a variable price, multiple ETR trades where the Originator sets the Discount monthly percentage and commits to provide a 'block' of Managed ETR (see sub section 3.1.2.2) with a specific total value, over a fixed period of time. In the Revolving Market, the Originator agrees to sell every ETR at the same Discount rate.

As a Revolving Market/Revolving ETR trade, at the beginning of each week, the Exchange automatically 'demands' that the Investor pays for the ETR provided in the preceding week and this payment is then transferred to the Originator (less the Reserve and processing fees). Ownership of all ETR transfers completely to the Investor. Responsibility for the collection of the ETR remains with the Originator/Broker and if the ETR is paid in 180 days or less, the Originator receives the Reserve refund.

In accordance with sub section 6.4 of the Credebt Exchange® Master Agreement, in the case of a Revolving ETR only, payment of the Reserve to the Originator shall be deferred until, and is conditional upon, all the relevant Traded ETR being Settled on or prior to the Maximum Maturity Dates. If such Traded ETR are Settled on or prior to the Maximum Maturity Date then all Reserves shall be payable by the Investor upon each Reserve Payment Date.

In the case of a Revolving ETR where the Traded ETR are not Settled on or prior to the Maximum Maturity Date, an amount equal to each Reserve shall be repaid to the Investor (less any applicable fees payable to Credebt Exchange) immediately following the Maximum Maturity Date. In such a case, the Purchase Price less the Reserve shall constitute the total Purchase Price payable by the Investor for such Traded ETR.

Revolving ETR requires the Originator to sign the [Revolving ETR Sale Agreement \[RSA\]](#). This can be signed manually, or online, when completing the Application form.



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3.2 Automated Trading

Typically, automated trading is used by Originators where their organisation's accounts system is connected directly to the Exchange. To learn more about connecting your accounts system to the Exchange, contact the Trading Floor using any of the following methods:

Web : <http://www.credebtexchange.com/support.php>

This is the best and fastest method. Select 'Originator/Broker Accounting Integration' from the drop down dialog to ensure your request is correctly channelled to the Technical Department

Email : originator@credebtexchange.com

Phone : +353 1 685-3600

3.3 Trading Strategies

Trading is as much about reputation, as it is about skill and as much about integrity, as it is about gain. The relationship between the Originators that makes Offers and the Investor that Bid, is a trust based relationship. Successful Originators and investors may take advantage of immediate opportunities but will always maintain a balance to ensure there is a future in this, most important, of relationships.

Trading on any exchange is a skill that takes time and patience before you can be regarded as a professional. The concept of an exchange is centuries old and its origins come from the age old, face-to-face art of bartering and negotiating. The world's first electronic exchange was the National Association of Securities Dealers Automated Quotations [NASDAQ] that opened in 1971. To this day and despite the many advances in exchange technology, the art of trading remains much the same as it began. With the advent of computers and subsequently the Internet, exchange trading has increased rapidly and in 2011, Credebt Exchange® was launched.

Although trading on Credebt Exchange® is very simple, trading for maximum results is an acquired skill. As an Originator seeking to meet your desired finance requirements, you want to sell as much as you can, at the best price. The art of doing this is how you differentiate a professional Originator from a novice. The remainder of this document should be used as a guideline to hone your trading skills so that you can keep returning to Credebt Exchange®, safe in the knowledge that your reputation and conduct will always ensure there are Investors willing to Bid on your Offers.

3.3.1 Dos & Don'ts

👉 Do begin by trading manually. Don't sell more than one or two ETR on your first day



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- ⚡ Do consider the Debtor's name and reputation. Don't sell ETR from 'unknowns'
- ⚡ Do consider the Sale Type you're going to make. Don't use the same one for all ETR
- ⚡ Do set your first few trade Offers lower than your preferred rate
- ⚡ Do wait for the first trades to be Settled (i.e. paid by the Debtor) before trading again
- ⚡ Don't Offer any ETR for sale if there is any chance it may be disputed or unpaid
- ⚡ Don't move to automated trading until you have mastered manual trading

3.3.2 Example Trades

On 1st of February, an Originator is about to issue an ETR to a Plc for Face Value 25,000; their agreed credit terms are '60 days, end of month'; so the Originator knows it will be paid on or before 30th of April and would like to get at least 24,000 for it. As this is the first ever trade, the Originator decides to Offer an Outright ETR (see sub section 3.1.2.1) value at 24,400 and a Buy Out value at 24,600. The trade is set to close in 48 hours.

This Offer is a good one. The Investors are being Offered 2.46% over three months on a well know Debtor that will be Settled within 3 months, so Bidding should commence quickly. Even at Buy Out, the Investor's know they will achieve 1.63%. Bidding should be brisk before one Investor decides to Buy Out the trade. The Originator receives 24,600 (less fees), the Investor is paid in full on 28th of April and will probably note the Originator's reference code for future trades.

On 1st of May, the Originator is issuing another ETR for the same Face Value; the agreed credit terms are 30 days this time; so the Originator makes Offer a Managed ETR (see sub section 3.1.2.2) at 0.725% and a Buy Out at 0.750%, closing in 24 hours. This time, Investors are being Offered 0.725% for one month's money but the Investor that bought the first trade, 'knows' (see sub section 1.1.2) the Originator and immediately Buys Out the trade at 0.750%.

On the third trade, both the Originator and the Investor 'know' (see sub section 1.1.2) each other and the Originator decides to target all Offers to that Investor. The next trade Offer is set to 0.850% and Buy Out at 0.800%. This time the Investor does not Buy Out, but bids and wins the trade at 0.849%. The Originator now knows that the targeted Investor is 'in the money at 0.849% but out the money at 0.850%'. On the next series of trades, the Originator should try Offers at 0.845%, 0.820% and 0.800% and watch the bids from the targeted Investor.

In time, the Originator will discover that the targeted Investor is in the money at 0.892% and tries a Performance ETR at 0.850% see the Investor Buy Out. The Originator now has a targeted Investor that is in the money at 0.892% for Managed ETR and 0.850% for Performance ETR.

The Originator carefully selects specific Debtors that pay on time and offers them as Performance ETR and uses the above strategy for each new Debtor, before offering them the same way.



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4 Electronic Filing

Every paper document relating to an ETR must be scanned and filed in the appropriate folder. Most scanning machines operate the same way and have a file option that brings up the File Screen for the Scanner. On the File Screen, there should be a heading called 'Save scanned image to'. Use the following format to save files as PDF documents:

- ✎ File Name – Type in the file name you wish to use to uniquely identify the document
- ✎ Save as type – Click on Browse, this will open up all the drives, click on the Drive you require and the appropriate folder that the document will be saved in
- ✎ Place the document face down in the scanner, then go back to the Scan File and click on apply and then click on Scan
- ✎ The document is now been scanned
- ✎ When the document has finished been scanned a box will pop up asking you if you would like to click on next or finish
- ✎ If there is more that one page of the document, click on next, when finished scanning all pages of the document, click finish

4.1 ETR Fit For Purpose

ETR should only be posted if the product or service is 'Fit For Purpose'. Fit For Purpose means that the service was delivered in full, or the goods are received in good working order, and to the satisfaction of the Debtor. If Credebt Exchange® fails to establish, verify and get confirmation from the Debtor of Fit For Purpose status, the ETR trade will cancel automatically.

4.2 ETR Templates

In creating invoice in Microsoft® Word, ETR templates should be kept on the following drive and be available directly through the 'New' option in Word format:

- ✎ C:\Templates\ETR New-£.doc (Sterling Pound ETR)
- ✎ C:\Templates\ETR New-€.doc (Euro ETR)
- ✎ C:\Templates\ETR New-\$.doc (US Dollar ETR)



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4.2.1 Naming an ETR

ETR should follow a sequence in your bookkeeping system. A suggested sequence could be as I-OUT-YYYY-MM-DD-ETR Number-Company Code.

For Example: I-OUT-2008-10-20-DI1915-A0004

I: Invoice – OUT: Outbound – 2013: Year – 12: Month – 20: Date – DI1915: ETR sequence number –A0004: Debtors Company Code (with the 'DR-G-' removed)

If the Debtor is an existing customer, they should already have an assigned code. If not a new one will need to be assigned using the Debtors Code List Tab available directly on the 'My Debtors' section of the system. This is accessible from the Originator Dashboard.

| RSA Details | | | | | Ireland | Dashboard | |
|----------------|----------------|------------------------|-------------|------------|----------------------|-------------|---------|
| Start Date : | 2013-07-09 | Originator ID : | 11307000000 | | | | |
| Review Date : | 2014-07-08 | Purchase Payment : | 80.000% | | | | |
| | | Sell Rate Percentage : | 0.875% | | | | |
| Debtor Details | | | | | Transaction Overview | | |
| Created | Debtor ID | Debtor | Paid | Status | Traded | Outstanding | Reserve |
| 2013-07-10 | 20130710000015 | Some organisati... | 22,658.00 | Authorised | 29,537.22 | 8,836.40 | 777.64 |
| 2013-07-10 | 20130710000016 | Public limited liab... | 253.80 | Authorised | 226.06 | 0.00 | 0.00 |
| 2013-07-10 | 20130710000017 | Private limited lia... | 2,304.00 | Authorised | 2,138.26 | 0.00 | 3.77 |
| 2013-07-10 | 20130710000019 | Partnership limit... | 513.36 | Authorised | 452.56 | 0.00 | 0.00 |
| 2013-07-10 | 20130710000020 | Sole trader | 1,080.00 | Authorised | 1,690.84 | 756.00 | 19.08 |
| 2013-07-10 | 20130710000022 | Subsidiary comp... | 3,408.00 | Authorised | 13,710.99 | 11,268.60 | 201.07 |

4.2.2 ETR Sequence

The easiest way to create an ETR is going to an existing one, the last one that was done for that Debtor for example, and save it with a new name as described in sub section 4.2.1, for example:

I-OUT-YYYY-MM-DD-ETR Number-Company Code.

4.2.3 ETR Details

The details such as an invoice number, invoice date, the company code, contact name and address should all be entered in stored in the Debtor record on the Exchange system. All that remains before posting the trade is the ETR details and amount.



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4.2.3.1 ETR Face Value

The 'Face Value' of an ETR is the total value of the ETR including all taxes, VAT, delivery charges, etc. it is the total amount that the Debtor must pay for the ETR to be regarded as 'paid in full'.

4.2.3.2 ETR Description

The description of the ETR is in the second section of the Open A Trade. Enter the Description of the ETR with any relevant service or product details. Then enter the PO number and any supporting documentation (e.g. a contract, letter, or other document relevant to the specific trade).

The screenshot displays the 'Exchange Trade Centre | Single Invoice' interface. The top navigation bar includes 'Originator Organisation ID:' and 'My Trades | Logged in as:'. A left-hand menu lists various options: 'My Exchange' (Dashboard, Trade Floor, Open A Trade, Post new Trade (0), Upload Revolving ETR, Post Revolving ETR(0)), 'My Trade Book (1204)', 'My Debtors' (Create new Debtor), 'My Transactions' (Transaction Statement, Transaction Update, My Reports (1)), 'My User Account' (View / Edit Profile, Change Password), 'My Organisation' (Add new User, Add new Currency), 'Dispute Resolution', and 'Help Center'. The main content area is titled 'Revolving ETR Invoice Upload'. It features a notification: 'Submit Trades before 1.15pm today to receive TomNext Purchase Payment'. The form includes several fields: 'Invoice Type' (Single Invoice selected, Multiple Invoices), 'Upload Revolving ETR invoice for:' (Select Debtor dropdown), 'Payment Terms' (Days and Currency dropdowns), 'Face Value' and 'Remaining Value' (text boxes), 'Invoice Date' and 'Expected Date' (date pickers), 'PO No.' (text box), 'Attach PO' (Choose File button, No file chosen, Save button), 'Invoice No.' (text box), and 'Attach Invoice' (Choose File button, No file chosen, Save button). At the bottom, there are three main buttons: 'Save', 'Submit & Automatic Send', and 'Submit & Manual Send', along with a link 'Help me to decide what button to use here'.

4.2.3.3 IMPORTANT: Expected Date

It is very important that every ETR is Settled on, or very close to, the Expected Date. Any ETR that is not Settled (i.e. paid in full by the Debtor) within 15 calendar days of the Expected Date, Credebt Exchange® will initiate its collection policy. To avoid this policy being enforced, carefully consider your customer's previous payment behaviour and select this date with care.

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The Credebt Exchange® Collections Policy (see section 5) stipulates that if the ETR is not Settled within 15 days of the Expected Date, the Credebt Exchange® Collections Team will initiate direct contact with the Debtor to ensure prompt payment.

If the payment is not received within 30 Days of the Expected Date, Credebt Exchange® regard the payment as distressed and pass the ETR for collection by a third-party, debt collections agency. Under the terms of the Master Agreement, Credebt Exchange® will use all necessary practices, including legal remedy, to ensure collection. To avoid any damage to the Originator's reputation, it is advised that the Expected Date is as accurate as possible and that all ETR are Settled on, or very close to, the Expected Date.

4.2.3.4 ETR PO Number

All ETR can only be posted with a PO number and, wherever possible, a PDF of the PO number is attached. In some cases where neither is possible, for whatever reason, then the option is for the Originator to enter a Temporary PO issued by Credebt Exchange®. This is a special code that Credebt Exchange® will provide on request that allows the Originator to post the ETR. The Originator must still pursue their customer for a valid PO Number. If it is not received within 2 days of the ETR being posted, the trade will cancel automatically.

It is most important that the Originator understands that Credebt Exchange® rarely supports the use of a Temporary PO number and, in many instances will refuse to accept the ETR for trading. To avoid disappointment, provide a valid PO with all ETR postings.



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5 Credebt Exchange® Collections Policy

There are two types of Debtor: single instance ETR and multiple ETR. The Originator Dashboard is designed for dealing with single ETR instances and should be used to record all actions relating to a specific ETR and the collection of the outstanding money.

Multiple ETR to a single Debtor are more complicated because Exchange system creates a single Accounts Calling Reminder for every ETR. If there are multiple ETR in a bundle, then a single reminder is created (i.e. not three separate reminders).

In addition to this, if a single customer has 12 Reminders, this could mean that communications with the customer can be spread across multiple Reminders. A cohesive and single location to store communications becomes very difficult to control and manage. Therefore, the moment that two Reminders for the same customer in the same period occur, all communications should be entered in a single Reminder and the other Reminders should be set to pop up three months after they are due for collection with the following entry made in the notes section:

Group Account: Refer to *Trade ID*

Where the ETR references the Reminder that is being used to collect an entire batch of ETR for that specific customer, the Expected Date of the last ETR in the group is used to reflect the Expected Date for all ETR in the group.

5.1 Special Extended Credit Terms [SECT]

Some Originator customers are automatically classified as Special Extended Credit Terms [SECT]. This means that the specific Debtor has been offered an extended credit term but this is only permitted after receiving written approval from Credebt Exchange®. Only after the specific Debtor has been approved through the Exchange system will SECT be permitted.

It is most important that the Originator understands that Credebt Exchange® rarely supports the use of SECT status and, in many instances will refuse to accept the ETR for trading. To avoid disappointment, Originators should only seek SECT on specific customers and specific, 'out of the ordinary' situations.

5.2 Debtor Contact

It is the responsibility of the Originator to be absolutely sure that all the contact details in Debtor's record on the Exchange are correct at all times. For all ETR, Credebt Exchange® will use the contact for that Debtor company to achieve ETR Fit For Purpose (see sub section 4.1) status prior to transferring the Purchase Price.

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5.3 Collections Procedure

The following guidelines must be followed in principal. The rules apply to an ETR issued with 'standard' 30-Day payment terms. For 60 or 90 day ETR, add 30 or 60 days to all steps from sub section 5.4.3 onwards. All Debtor organisations paying on 60 or 90 days are regarded as being on the SECT list (see sub section 5.1).

Failure to follow these Collections Procedures, and provide evidence of same on request, may be regarded as a breach of contract in accordance with sub section 6.13 Collection of a Traded ETR of the Credebt Exchange® Master Agreement. Breach of the Master Agreement may result in termination of the Originators Membership of the Exchange.

5.4 Credebt Exchange® Co-Operation

At any stage in the collections process, any ETR collections case can be discussed with the Credebt Exchange® Collections Department. Any Originator requests that breach this Collections Policy must be authorised by Credebt Exchange® in writing. Any breach of this Collections Policy that is authorised in writing will set out a clear strategy for collection and also the strategy for non-collection that the Accounts Manager must understand and state, in writing that this strategy is understood by entering this confirmation into the Exchange system. Any breach of this Collections Policy that is not authorised in writing is a breach of the Credebt Exchange® Master Agreement and may result in termination of the Originators Membership of the Exchange.

5.4.1 7-Day Rule - First Phone Call

Ask to speak with Accounts Payable Department. Introduce yourself and say that you have issued them with an invoice 7 days ago and would like to confirm the invoice as received.

On receiving confirmation that the invoice has been received it is also important that you ask if the PO Number used on the ETR is valid. If it is valid, then this should be noted in the ETR Calling Reminder. If it is not correct, the Reminder must immediately be reassigned to the Originators agent in the Credebt Exchange® Collections Department.

The notice to that closed the Credebt Exchange® Collections Department should clearly identify the Trade ID and clear instructions that the PO Number is false. It is the Originators responsibility to ensure that a correct PO Number is provided within 3 days. Failure to provide the correct PO within 3 days will escalate the ETR to distressed (see sub section 5.6).

If the ETR has been received and the PO Number is valid, then ask for the payment date and

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how payment will be made. Suggest that the Originator would rather have payment electronically or by 'wire transfer' directly into the Credebt Exchange® Account Bank. The collection of payment via cheque should be discouraged.

When speaking with the accounts person, ensure the following four requirements are met:

- ✎ Ensure that the customer had received the invoice
- ✎ Ensure the invoice has been booked to their accounts system
- ✎ Ensure that the invoice is duly authorised
- ✎ Get the expected payment date and its mode: cheque (UK to be posted by 1st Class post or courier), credit card, electronically or by wire transfer

5.4.2 14-Day Rule - Second Phone Call

This is only required if all of the above criteria in sub section 5.4.1 above did not get positive answers to all four requirements.

5.4.3 21-Day Rule – Email Warning

This is only required if all of the above criteria in sub section 5.4.1 above did not get positive answers to all four requirements. An email must be sent to the specific Debtor contact (see sub section 5.2) seeking a response to all four items, as indicated in sub section 5.4.1 above.

5.4.4 23-Day Rule - Second Phone Call

This is required if the 21-Day Rule – Email Warning (see sub section 5.4.3) did not get a response and this call occurs within 48 hours after the email was sent.

5.4.5 25-Day Rule - Notification Email

If after all of the above steps 0 to 5.4.4 fail to produce a real and tangible result, a Director, shareholder or appointed senior manager (collectively know as "Accounts Manager") must have the specific ETR immediately escalated for their participation and involvement in the collections process.

From this point forward it is the responsibility of the Accounts Manager who retains absolute responsibility in getting the payment. The Reminder may be delegated to others to carry out various actions, but the Accounts Manager retains absolute responsibility until the ETR is Settled.

5.4.6 35-Day Rule – Fax Warning

If after all of the actions 5.4.1 to 5.4.5 the ETR remains unpaid, a Fax Warning must be sent to



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the Debtor contact (see sub section 5.2). The Fax Warning must seek a response to all four items, as indicated in sub section 5.4.1 above.

5.5 15-Day Grace Period

If after all of the actions 5.4.1 to 5.4.6 the ETR remains unpaid, the ETR enters a 'Grace Period'. This period extends for 15 calendar days before the Credebt Exchange® Collections Department becomes directly involved in the collections process.

5.5.1 36-Day Rule – 1st Grace Day

If the Accounts Manager fails to collect the money by the 35th day, an Escalation Email must be sent to all contacts within the organisation (technical, purchasing, marketing, accounts and anyone else for whom email addresses have been stored). The Accounts Manager retains absolute responsibility in getting this email issued.

5.5.2 42-Day Rule – 7th Grace Day

If the Accounts Manager fails to collect the money by this date (42nd Day) then the 'Distressed Notification Warning' is sent by the Accounts Manager to the Credebt Exchange® Collections Department and should be CCed to the Debtor for the specific ETR. The Accounts Manager retains absolute responsibility for issuing this email. This termination Distressed Notification Warning email is the last communication from the Originator to their customer.

5.5.3 45-Day Rule – 15th Grace Day

On Day 45 the ETR is distressed and the Accounts Manager delivers absolute responsibility for Settlement of the ETR to the Credebt Exchange® Collections Department.

5.6 Credebt Exchange® Intervention

The 45-Day Rule is invoked automatically and in accordance with this Collections Policy and the Credebt Exchange® Master Agreement.

5.6.1 46-Day Rule - Credebt Exchange® Intervention

On day 46, in accordance with the Credebt Exchange® Master Agreement and acting as Servicer to the Investor, the Credebt Exchange® Collections Department initiates its independent collections process. This will result in additional costs to the Originator.

5.6.2 60-Day Rule - Credebt Exchange® Credit Insurance

On day 60, in accordance with the Credebt Exchange® Master Agreement and acting as



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Servicer to the Investor, Credebt Exchange® Repurchases the ETR and initiates its notification to AIG, Inc. as credit insurers to Credebt Exchange® on its own account. This will result in further and additional costs to the Originator.

5.6.3 SECT Time Adjustments

If an organisation is on the SECT list (see sub section 5.1), the 7-Day Rule and 14-Day Rule remain unchanged. Depending on whether the customer has a 45, 60 or 90 day SECT will determine when the 25-Day, 35-Day, 42-Day and 45-Day rules still apply but do not occur on their respective days. Follow this table:

| SECT | Rule | 25-Day | 35-Day | 42-Day | 45-Day |
|---------|------|----------------------|----------------------|-----------------------|-----------------------|
| 45 Days | | 42 nd Day | 52 nd Day | 59 th Day | 62 nd Day |
| 60 Days | | 58 th Day | 68 th Day | 75 th Day | 78 th Day |
| 90 Days | | 88 th Day | 98 th Day | 105 th Day | 108 th Day |

5.7 Payments by Cheque

Payments received by cheque must be scanned along, with the lodgement slip, and immediately lodged to the Credebt Exchange Account Bank.

5.8 Payments by Bank Draft

If a traded ETR payment is received by Bank Draft (typically as a means of getting the ETR Settled prior to the Day-45 Rule is involved), it must be scanned along, with the lodgement slip, and immediately lodged to the Credebt Exchange Account Bank.

5.9 Electronic Payments (in error)

If a traded ETR payment is received directly into an Originator Account, it must be transferred electronically to the Credebt Exchange Account Bank on the same day it was received.

5.10 Credit Card Payments

If a traded ETR payment is received by credit card (typically as a means of getting the ETR Settled prior to the Day-45 Rule is involved), it must be transferred electronically to the Credebt Exchange Account Bank on the same day it was received.



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6 Other Documents & Reference Material

If you have not already received or reviewed the following documentation, you can download each one using the links below.

- 📄 Read the latest [Originator Application Form](#)
- 📄 Download the [Revolving ETR Sales Agreement \[RSA\].pdf](#) document in PDF format for manual completion and client's signature
- 📄 Download the [Secure Access Guide](#)
- 📄 Watch the [Originator Video](#)

The Credebt Exchange® web site also contains extensive information, videos and document downloads. Visit www.debtorsxchange.com for further details.

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