



## **THE LOYALTY ASSOCIATION**

**CONSTITUTION  
15<sup>th</sup> NOVEMBER 2007**

***Bringing together those concerned with developing online  
affiliate loyalty marketing  
Registered Company No: 6419921 In England and Wales***

### **AIM**

The UK's loyalty and cash-back market has experienced significant growth attracting a number of successful operators. As the market expands, so does the need to have an association to represent the quality operators, ensuring that the cash-back market is effectively represented to suppliers and advertisers. The founding members, in association with leading affiliate networks, aim to tackle this issue to ensure further growth of the industry.

The Loyalty Association believes this is feasible by improving its members' standards and promoting reliability and quality with a seal of approval, given when certain criteria have been met.

### **Section 1 THE ASSOCIATION, ITS PURPOSES & OBJECTIVES**

- 1.1 There shall be an association established in the United Kingdom by the name of The Loyalty Association (hereinafter referred to as the "Association"). This Constitution defines the purposes and status, membership and governance of the Association.
- 1.2 The purposes of the Association are to be an association of operators (including website owners, and affiliate networks), and of others concerned with the expansion of online loyalty activity and its impact on merchant and public interaction and perception of the industry sector.
- 1.3 The Association aims to become a respected non-profit, self-regulated body of the UK's online and associated loyalty and cash-back industry, working towards:
  - Increasing the standards of businesses operating in the loyalty / cash-back marketplace.
  - Improving the level of service offered by such businesses, to their clients and users alike.
  - Generating mutually beneficial and ongoing partnerships between clients (merchants, affiliate networks, agencies and suppliers) and businesses operating in the marketplace.
- 1.4 Particular emphasis is given to those sectors of operation in the United Kingdom, however, the Executive Committee of the Association shall determine the limits of those sectors and geographic regions according to its discretion in particular instance, and to make the public aware of the work of the Association.
- 1.5 A list of frequently asked questions and answers can be found in Appendix I.

## **Section 2 ACTIVITIES**

- 2.1 The Association will aim to achieve its objectives by: -
- Setting a common code of practice that all associated members adhere to. The code of practice will cover relationships with both clients and users.
  - Establishing a level of service associated members should expect to receive from clients.
  - Working with clients, the media and other industry bodies to promote the association and its benefits for clients, members and end consumers.
  - Closely monitoring its members and the marketplace to ensure high standards are enforced and met on an ongoing basis. Information on the procedure for making queries or complaints can be found in Appendix II.
  - Undertake investigations, surveys, development projects and the like, and to publish the useful results thereof.
  - Arrange and provide for or join in arranging and providing for the holding of conferences, seminars, meetings, workshops and the like.
  - Establish branches in any country, or region, the purposes of which will conform with those of the parent association, and enable greater participation by members of those regions.
  - Employ staff to work for the Association and establish their terms of reference.
  - Act in such other ways as may support the objectives set out in Clause 1.2 of this Constitution.

## **Section 3 FUNDING**

- 3.1 The Association shall raise funds and invite and receive contributions from any person or persons whatsoever by way of subscriptions and otherwise provided that the Association shall not undertake permanent trading activities in raising funds for the said objectives.
- 3.2 The Association shall do all such other lawful things as are necessary for the attainment of the said objectives.

## **Section 4 MARKETING**

- 4.1 A clear marketing strategy will be implemented, to ensure that potential associated members, clients and other industry bodies become aware of the association and its objectives. The founding members will be responsible for developing and implementing the association's marketing activity.
- 4.2 Marketing activity will be funded by the membership fee and potential sponsorships from associated partners. A detailed marketing strategy will be developed by the founding members at a later date based on the following requirements:
- 4.3 Web Presence - the association will have its own website available via all members websites, partner websites and other relevant industry bodies. The domain name [www.onlineloyalty.net](http://www.onlineloyalty.net) is registered. The website will be the main source of information for partners, members, media and users of the associated

members' websites. The website will include the association's objectives, biography of key individuals, details of founding members, associated members and partners, contact details, events diary and press releases.

- 4.4 Trade PR – to establish the association's presence in the industry. The founding members will utilise current resources and appoint an independent PR agency. As with other marketing activities, PR will be funded by the membership fee and potential sponsorships.
- 4.5 Spokespeople - The founding members will provide spokespeople, who will always be referred to as a member of the Online Loyalty Association, not their cash-back / loyalty site, to avoid confusion. The spokespeople will be available for comment to the media and agree to adhere to the Associations guidelines. The spokespeople will strive to increase the credibility of the association and will work towards increasing the association's exposure in their role.

## **Section 5 MEMBERSHIP CRITERIA**

To become a member the following criteria need to be fulfilled and abided by;

- 5.1 Members of the loyalty association must adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993). They must agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.
- 5.2 Members agree that they will promote its clients truthfully and in line with their brand guidelines and any other regulations laid down by the client.
- 5.3 Members will take responsibility for potential fraudulent activity carried out by users, and they will agree that any commission paid out will be credited to the merchant within 120 days of the transaction date.
- 5.4 Any complaints or queries related to the member website or rewards will be handled by the website and the associated members will not encourage its users to contact the merchant or affiliate network directly regarding this.
- 5.5 Members of the loyalty association must agree that all rewards and offers promoted on their website(s) are true and updated on a regular basis.
- 5.6 Members agree that they do not display misleading information about the true value and nature of rewards and redemption procedure. This means that all program terms, including details related to timelines related to reward allocations, must be listed on the website in a clear and concise manner.
- 5.7 Members must demonstrate that they have a reliable system in place for monitoring, tracking and delivering rewards to its users. This is to ensure that their users will receive their legitimate rewards within the given timeframe and within 30 days of commission payments being made from the merchant, regardless of the financial status of the business.
- 5.8 Members agree that all personal details given by users need to be handled with care and respect, in line with data protection regulations. This needs to be clearly stated upon registration and in the terms and conditions.

- 5.9 Members agree to submit to an annual audit of their systems and adherence to the code of practice and SLAs of the Association. Details of the items and areas to be audited can be found in Appendix III.
- 5.10 Members agree to pay an annual membership fee to the Association.

#### **Section 6 MEMBERSHIP CATEGORIES**

- 6.1 Membership is open to all qualifying corporate entities. There shall be two principal categories of membership of the Association, namely: Ordinary Members and Partners. Honorary members may be appointed at the discretion of the Executive Committee by unanimous consent.
- 6.2 The membership categories may be divided into sub-categories, reflecting the benefits options which the Association may from time to time introduce.
- 6.3 Members shall receive all relevant papers, notices and reports issued by the Association. Only members may attend Annual and Extraordinary General Meetings. Non-members may however be invited, with or without payment of fees as determined by the Association, to attend all other functions or to participate in all other activities organised by the Association.

#### **6.4 Ordinary Members**

Full membership of the Association shall be open to:

Corporate entities registered within the United Kingdom. The Association will give equal opportunities to all and will not discriminate. However members should: -

- (i) hold appropriate operating procedures acceptable to the Executive Committee of the Association, and have been corporately engaged in service related to online affiliate marketing for a significant period of time (normally exceeding one calendar year) or;
- (ii) have been corporately engaged in work which is or has been directed to online affiliate marketing or;
- (iii) are regarded by the Executive Committee of the Association as having professional experience equivalent to that specified in (i) or (ii) above, and;

Have paid the subscription levied in respect of their grade of membership.

#### **6.5 Partners**

Organisations such as Affiliate Networks will be the online loyalty association's first external partners as their experience with the affiliate industry, cashback / loyalty sites and merchants plays an important part in creating the association's objectives.

Other key agencies and relevant industry bodies will also be invited to partner with the association. This will encourage interest in the media, among potential associated members and among clients. Partners will get the opportunity to sponsor the association, to enhance their relationship with the association and benefit from increased exposure in all marketing and PR activities. Any sponsorship funding will be allocated to the association's marketing budget.

## **Section 7 ADMISSION AND TERMINATION OF MEMBERSHIP**

- 7.1 Applications or proposals for membership shall be made to the Membership Secretary in such manner as may be prescribed by the Executive Committee. Details of the application process can be found in Appendix IV. The names of individuals or corporate entities accepted into membership shall be notified to the members of the Association.
- 7.2 The Executive Committee may at its sole discretion remove from membership any member or organisation whose activities are deemed to be contrary to the objectives of the Association provided that the individual member concerned or the individual representing such organisation (as the case may be) shall have the right to be heard by the said Executive Committee before a final decision is made. Details of this process can be found in Appendix V.

## **Section 8 GOVERNANCE OF THE ASSOCIATION**

- 8.1 The Association shall be governed by an Annual General Meeting for which a month's notice has to be given, at which all members are entitled to be present and to speak. Eligible members may vote in person, by correspondence or by proxy. The representative of a corporate member has a single vote.
- 8.2 The Annual General Meeting, chaired by the President or in his absence the Chairman, shall elect the Officers of the Association and the elected members of the Executive Committee and shall appoint an auditor or auditors. It shall receive and discuss the reports of the Executive Committee and the Officers and may approve, amend, refer back or reject any of these reports. It shall consider and determine proposed changes in the Constitution and shall determine the policies and programmes of the Association.
- 8.3 If fewer than three, or 10 percent of ordinary and members are present (whichever is the higher), the Annual General Meeting shall be postponed to a later occasion at which the required quorum shall be the same.
- 8.4 An Extraordinary General Meeting may be called by the Executive Committee or at the request of not fewer than three, or 10 percent of the ordinary members (whichever is the higher) of the Association, made in writing to the General Secretary. An Extraordinary General Meeting shall have all the powers of an Annual General Meeting.
- 8.5 The Officers of the Association shall consist of: President, Chairman, Secretary and Treasurer. In addition, other positions which shall from time to time exist will be given officer status ( e.g. Specialist group conveners, Regional group conveners, and Overseas branch co-coordinators).
- 8.6 Details of the Associations current Officers, Committee, Auditors and Lawyers can be found in Appendix VI.

## **Section 9 THE EXECUTIVE COMMITTEE**

- 9.1 The affairs of the Association shall be conducted between Annual or Extraordinary General Meetings, in accordance with the objectives set out in Clause 1.2, by an Executive Committee.
- 9.2 The Executive Committee shall consist of the Officers (see Clause 8.5) and three members, nominated and seconded from the ordinary members and elected by those members voting in person, by correspondence or by proxy at an Annual or Extraordinary General Meeting of the Association, together with co-opted members as specified below. Notice of the vacancies, for which nominations are required, should be given not less than two months in advance of the meeting.

- 9.3 The President shall have the power to nominate up to four ordinary or honorary members of the Association to be co-opted to the Executive Committee, and selected so as to ensure that the Executive Committee includes members working within, or retired from, a wide range of appropriate institutions, group and private companies. Such co-opted members shall have the right to vote at meetings of the Executive Committee.
- 9.4 The Officers and elected and co-opted members of the Executive Committee shall serve for up to three years. They shall be elected or co-opted for such periods as will ensure that one-third of the members and co-opted members retire each year. They shall be eligible for re-election or co-option for further periods.
- 9.5 In the event of any post in the Executive Committee falling vacant for any reason during the year, the Executive Committee may fill the vacancy by nomination which will be effective until the following Annual General Meeting when election will be held in the normal manner.

### **Section 10 FINANCE**

- 10.1 All members need to pay a membership fee. Although the association is a not-for-profit organisation, costs are involved in setting up and running the organisation. Part of the membership fee will be used for annually independently verifying members adherence to the Associations rules and regulations and for marketing material.
- 10.2 All moneys raised by or on behalf of the Association and all its funds shall be applied to further the objects of the Association and for no other purpose provided that nothing herein contained shall prevent the payment in good faith of reasonable and proper remuneration to any employee of the Association or the repayment to members of the Committee or of any committee appointed under Section 9 hereof of reasonable out-of-pocket expenses.
- 10.3 The Treasurer shall keep proper accounts of the finances of the Association.
- 10.4 The accounts shall be audited at least once a year by the auditor or auditors appointed at the Annual General Meeting.
- 10.5 An audited statement of the accounts for the last financial year shall be submitted by the Committee to the Annual General Meeting as aforesaid.
- 10.6 A bank account or accounts shall be opened in the name of the Association with such bank as the Committee shall from time to time decide. The Chairman, Treasurer and Secretary of the Association are authorised to sign cheques on behalf of the Association.
- 10.7 With the exception of Honorary Members, subscriptions for all Members will be an amount determined at an Annual General Meeting. Honorary Members will be excluded from such payment.
- 10.8 Subscriptions shall be paid to the Treasurer in such manner as may be determined from time to time by the Annual General Meeting. A member who fails to pay his subscription by the due date shall be deemed, after due warning, to have terminated its/his/her membership, though this shall not remove its/his/her obligation to pay its/his/her subscription for the period during which it/he/she was deemed to be a member.



### **Section 11 DISSOLUTION**

- 11.1 If the Committee by a simple majority decide at any time for any reason that it is necessary or advisable to dissolve the Association, it shall call a meeting of all members of the Association who have the power to vote, of which meeting not less than one month's notice (stating the terms of the Resolution to be proposed thereat) shall be given. If such decision shall be confirmed by a simple majority of those present and voting at such meeting, the Committee shall have power to dispose of any assets held by or on behalf of the Association.
- 11.2 Any assets remaining after the satisfaction of any proper debts and liabilities shall be given or transferred to such other charitable institution or institutions having objects similar to the objects of the Association as the Committee may determine. No profit or surplus will be distributed other than to a similar or charity registered institution on winding up or dissolution of the Association.

### **Section 12 NOTICES**

- 12.1 Any notice may be served by the Secretary on any member either personally or on its/his/her appointed representative as the case may be, or by sending it through the post in a prepaid letter addressed to such member at its/his/her last known address.

### **Section 13 INTERPRETATION**

- 13.1 For the interpretation of this Constitution, the Interpretation Act, 1978, shall apply as it applies to the interpretation of an Act of Parliament.

### **Section 14 ALTERATION OF THIS CONSTITUTION**

- 14.1 Any alteration of this Constitution shall receive the assent of a simple majority of the ordinary and honorary members of the Association present and voting at a meeting specially called for the purpose provided that notice of any such alteration shall have been received by the Secretary in writing not less than two months before the meeting at which the alteration is to be proposed.
- 14.2 At least one month's notice in writing of such a meeting, setting forth the terms of the alteration, shall be sent by the Secretary to each member of the Association provided that no alteration shall be made which would have the effect of causing the Association to cease to be a legitimate entity at law.

Constitution approved by an Annual General Meeting of the Association on (15<sup>th</sup> November 2007) at 63-79 Theobalds Road, London, WC1X 8TA.

Signed:           Secretary

Chairman

## APPENDIX I

### **FREQUENTLY ASKED QUESTIONS**

#### **What is the Loyalty Association?**

The Loyalty Association is a body representing UK Loyalty websites who are dedicated to improving the standard of service provided by the loyalty website industry and promoting reliability and quality with a seal of approval where certain criteria have been met. The association aims to provide reassurance and accountable representation to its suppliers and advertisers that ensuring that industry best practices are followed and maintained.

#### **How does the Loyalty Association make its decisions?**

The Executive Committee of the Loyalty Association meets regularly every two months to discuss the business of the Loyalty Association, review new member applications and pass decisions for the attention of Loyalty Association members. In addition, the members of the Executive Committee maintain a constant dialogue to ensure that urgent issues which require the immediate attention of the association can be dealt with immediately and may meet whenever the circumstances permit to make the necessary decisions.

Decisions which affect members of the loyalty association will be communicated directly with those members. Any decisions or statements which need to be brought to the attention of the public will be issued via the relevant press channels.

#### **Who can join the Loyalty Association?**

Anyone with a direct interest in the loyalty website industry and other websites monetised through incentivised marketing activity and online affiliate marketing are invited to join the association notwithstanding they can successfully satisfy the criteria for membership.

#### **What are the criteria for joining the Loyalty Association?**

Each member must satisfy the following criteria:

1. Members of the loyalty association must adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993). They must agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.
2. Members agree that they will promote its clients truthfully and in line with their brand guidelines and any other regulations laid down by the client.
3. Members will take responsibility for potential fraudulent activity carried out by users, and they will agree that any commission paid out will be credited to the merchant within 120 days of the transaction date.
4. Any complaints or queries related to the member website or rewards will be handled by the website and the associated members will not encourage its users to contact the merchant or affiliate network directly regarding this.
5. Members of the loyalty association must agree that all rewards and offers promoted on their website(s) are true and updated on a regular basis.
6. Members agree that they do not display misleading information about the true value and nature of rewards and redemption procedure. This means that all program terms, including details related to timelines related to reward allocations, must be listed on the website in a clear and concise manner.

7. Members must demonstrate that they have a reliable system in place for monitoring, tracking and delivering rewards to its users. This is to ensure that their users will receive their legitimate rewards within the given timeframe and within 30 days of commission payments being made from the merchant, regardless of the financial status of the business.
8. Members agree that all personal details given by users need to be handled with care and respect, in line with data protection regulations. This needs to be clearly stated upon registration and in the terms and conditions.
9. Members agree to submit to an annual audit of their systems and adherence to the code of practice and SLAs of the Association.
10. Members agree to pay an annual membership fee to the Association.

### **Who are the current members of the Loyalty Association?**

The founding members, who also form the Executive Committee, consist of:  
Richard Yendell (Rpoints) – Chairman and spokesperson for the loyalty association  
Neil Durrant (Greasy Palm) – President  
Eduard Sparkes (Rpoints) – Treasurer  
Siri Andersen (Mutual Points) – Company Secretary  
Mark Ash (Mutual Points) – Ordinary Member  
Darren Loud (Greasy Palm) – Ordinary Member

### **How can I become a member of the Loyalty Association?**

Applications must initially be made via the loyalty association website (<http://www.onlineloyalty.net/>). Applicants will be sent an application form requesting the necessary information required to satisfy compliance with the membership criteria.

### **How does the Loyalty Association govern its members?**

Loyalty Association members are governed by the code of conduct and any decisions taken by the Executive Committee in furtherance of the principles of the association and compliance of the code of conduct.

### **On what grounds would the Loyalty Association take action against its members?**

The Executive Committee will only investigate those complaints received against members of the Association which concern the members' compliance with the association's code of conduct. All other business related matters will not be investigated by the Executive Committee.

If a breach of the code is deemed to have taken place, the Executive Committee will raise the matter to the attention of the member and make an objection. It may also recommend a course of action to the member to remedy the breach. The member will have the opportunity to respond to the objection and remedy the breach within an appropriate time frame.

### **What sanctions can be imposed upon members by the Loyalty Association?**

If the member does not resolve the breach, the Executive Committee reserves the right to remove or suspend the membership of that particular member. The member concerned shall have the right to be heard by the Executive Committee before a final decision is made.

### **What role do the affiliate networks and other interested bodies play within the Loyalty Association?**

The affiliate network industry plays a critical role in managing the relationship between loyalty websites and advertisers and as such is best placed to bring matters of interest from both loyalty website and advertiser to the attention of the loyalty association.

The support of affiliate networks will be a crucial element in progressing the doctrines of the association and providing valuable feedback to the association on best practices and the standards that need to be followed. Affiliate networks are invited to join the association as partner members.

Other key agencies and relevant industry bodies will also be invited to partner with the association. This will encourage interest in the media, among potential associated members and among clients. Partners will get the opportunity to sponsor the association, to enhance their relationship with the association and benefit from increased exposure in all marketing and PR activities.

### **What protection does the Loyalty Association offer to Advertisers?**

The following conditions which form part of the membership and code of conduct exist for the protection of Advertisers.

- Members of the loyalty association must adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993). They must agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.
- Members agree that they will promote its clients truthfully and in line with their brand guidelines and any other regulations laid down by the client.
- Members of the loyalty association must agree that all rewards and offers promoted on their website(s) are true and updated on a regular basis
- Any complaints or queries related to the member website or rewards will be handled by the website and the associated members will not encourage its users to contact the merchant or affiliate network directly regarding this.
- Members will take responsibility for potential fraudulent activity carried out by users, and they will agree that any commission paid out will be credited to the merchant within 120 days of the transaction date.
- Members agree to submit to an annual audit of their systems and adherence to the code of practice and SLAs of the Association.

If a member fails to meet these guidelines, it reserves the right to investigate the matter and where required take the necessary action to suspend or remove membership.

### **What protection does the Loyalty Association offer to Consumers?**

The following conditions of membership exist to afford protection to consumers:

- Members of the loyalty association must adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993). They must agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.
- Members of the loyalty association must agree that all rewards and offers promoted on their website(s) are true and updated on a regular basis
- Any complaints or queries related to the member website or rewards will be handled by the website and the associated members will not encourage its users to contact the merchant or affiliate network directly regarding this.
- Members agree that they do not display misleading information about the true value and nature of rewards and redemption procedure. This means that all

program terms, including details related to timelines related to reward allocations, must be listed on the website in a clear and concise manner

- Members must demonstrate that they have a reliable system in place for monitoring, tracking and delivering rewards to its users. This is to ensure that their users will receive their legitimate rewards within the given timeframe and within 30 days of commission payments being made from the merchant, regardless of the financial status of the business.
- Members agree that all personal details given by users need to be handled with care and respect, in line with data protection regulations. This needs to be clearly stated upon registration and in the terms and conditions.

### **How do we make a complaint against a member of the Loyalty Association?**

All complaints must be raised through the website of the loyalty association. Once received, the Executive Committee will look into the basis of the complaint and inform the complainant of the decided course of action.

### **How is the Loyalty Association funded?**

The Loyalty Association is funded solely through membership fees and sponsorship. Funds raised are used to pay directly for all associated administration and marketing costs.

Although the association is a not-for-profit organisation, costs are involved in setting up and running the organisation. Part of the membership fee will be used for annually independently verifying members adherence to the Associations rules and regulations and for marketing material.

### **What does it cost to join the Loyalty Association?**

The membership fee is £2,500 +VAT per member. Membership is available for individuals or individuals representing organisations.

### **How do I contact the Loyalty Association?**

All enquiries should initially be raised via the loyalty association website <http://www.onlineloyalty.net>

### **Can I use the Loyalty Association logo on my website?**

Only fully paid Members are allowed to use a member-specific version of the loyalty association logo on their website and other marketing correspondence.

### **How often does the Loyalty Association meet?**

The Executive Committee meets regularly every two months. The committee may also meet sooner from time to time where there are circumstances which require them to meet sooner. In addition, the Executive Committee will meet for an Annual General Meeting where decisions as to the composition of the Executive Committee can be taken.

### **What is involved in the Member Audit?**

A Member Audit is undertaken taken annually by an independent, professional person, qualified to undertake standard audit procedures, who is appointed by the Association to validate the key membership criteria and statements adhered to by the members.

This process will usually involve a visit to the Members place of business and a process of compliance verification by sample testing, analysis and interview.

## APPENDIX II

### **COMPLAINTS AND QUERIES PROCEDURE**

Any complainant should in all instances bring their grievance to the notice of the particular Association member first and attempt to resolve any issues directly.

If the complainant does not feel that he or she has received a satisfactory resolution to their grievance, or has reason to believe that the Associations code of practice is being broken, he or she should inform the Association of the specific nature of the breach (with reference to the list below), and e-mail the supporting details and their contact information via the website at <http://www.onlineloyalty.net>.

*The following conditions which form part of the membership and code of conduct exist for the protection of Advertisers.*

- *Members of the loyalty association must adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993). They must agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.*
- *Members agree that they will promote its clients truthfully and in line with their brand guidelines and any other regulations laid down by the client.*
- *Members of the loyalty association must agree that all rewards and offers promoted on their website(s) are true and updated on a regular basis*
- *Any complaints or queries related to the member website or rewards will be handled by the website and the associated members will not encourage its users to contact the merchant or affiliate network directly regarding this.*
- *Members will take responsibility for potential fraudulent activity carried out by users, and they will agree that any commission paid out will be credited to the merchant within 120 days of the transaction date.*
- *Members agree to submit to an annual audit of their systems and adherence to the code of practice and SLAs of the Association.*

*The following conditions of membership exist to afford protection to consumers:*

- *Members of the loyalty association must adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993). They must agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.*
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- *Members agree that they do not display misleading information about the true value and nature of rewards and redemption procedure. This means that all program terms, including details related to timelines related to reward allocations, must be listed on the website in a clear and concise manner*

- *Members must demonstrate that they have a reliable system in place for monitoring, tracking and delivering rewards to its users. This is to ensure that their users will receive their legitimate rewards within the given timeframe and within 30 days of commission payments being made from the merchant, regardless of the financial status of the business.*
- *Members agree that all personal details given by users need to be handled with care and respect, in line with data protection regulations. This needs to be clearly stated upon registration and in the terms and conditions.*

All complaints must be raised through the website of the loyalty association. Once received, the Executive Committee will look into the basis of the complaint and inform the complainant of the decided course of action.

If a breach of the code is deemed to have taken place, the Executive Committee will bring the matter to the attention of the member.

The Executive Committee may also recommend a course of action to the member to remedy the breach. The member will then have the opportunity to respond to the objection and to remedy the breach within an appropriate time frame.

The Executive Committee will provide confirmation of this process and its actions to the complainant.

If a member fails to resolve the issue, or in the opinion of the Executive Committee does not meet these guidelines, the Association reserves the right to investigate the matter and where required take the necessary action to suspend or remove membership. In the case of a removal from the Association, this will be communicated to the complainant.

## APPENDIX III

### ITEMS AND AREAS TO BE INDEPENDENTLY AUDITED

Each member of the Association agrees to submit to an annual audit, to be undertaken in a quarter chosen at the discretion of the committee, but with the co-operation of the member.

A Member Audit is undertaken taken annually by an independent, professional person, qualified to undertake standard audit procedures, who is appointed by the Association to validate the key membership criteria and statements adhered to by the members.

This process will usually involve a visit to the Members place of business and a process of compliance verification by sample testing, analysis and interview.

Any member due to be audited, will be notified in writing and by e-mail, and will be expected to co-operate and provide a suitable date for the auditors visit within twelve weeks of that date.

The Areas and items to be audited are;

- *Compliance with current applicable data protection laws.*
- *Sample analysis of promotional statements to check that these are in line with clients expectations.*
- *Sample analysis of accuracy and validity of offers currently promoted.*
- *Sample analysis of percentage and speed which queries or complaints are dealt with.*
- *The implementation and operation of suitable systems to detect fraudulent activity and the repayment of commissions where appropriate.*
- *Operation of suitable security and banking procedures.*
- *Sample analysis of the true value and nature of rewards and redemption procedure, is as stated on the members site. This means that all program terms, including details related to timelines related to reward allocations, must also be listed on the website in a clear and concise manner.*
- *A reliable system for monitoring, tracking and delivering rewards to users. Sample analysis that consumers receive their legitimate rewards within the given timeframe and within 30 days of commission payments being made from the merchant.*

Following the audit, the auditor will only report back to the Association if he or she believes that the member is in breach of any of the Associations codes and practices.

## APPENDIX IV

### **MEMBERSHIP APPLICATION PROCESS, QUESTIONNAIRE & FEES**

Anyone with a direct interest in the loyalty website industry and other websites monetised through incentivised marketing activity and online affiliate marketing are invited to join the association notwithstanding they can successfully satisfy the criteria for membership.

Applications must initially be made by a named individual via the loyalty association website (<http://www.onlineloyalty.net/>). Applicants must submit a completed application form (available on the site) with the necessary information required to satisfy compliance with the membership criteria.

Each member must initially confirm and later satisfy by audit if necessary, their compliance and adherence to the membership criteria:

The membership fee is £2,500 +VAT per member. Membership is available for individuals or individuals representing organisations. The fee is payable annually and is to be made payable to Online Loyalty Limited.

Following receipt of a satisfactory application form and cheque or payment for £2,500+VAT, at it's next meeting, the Committee will confirm the status of the new member and formally confirm their acceptance into the Association along with a communication to the existing members advising of the new member.



(All mandatory)

Individual ContactName: \_\_\_\_\_

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

Normal Trading Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Office Telephone Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Website(s) to be covered \_\_\_\_\_

To The Membership Secretary,  
 The Loyalty Association,  
 201 Haverstock Hill,  
 London,  
 NW3 4QG

By e-mail to [info@onlineloyalty.net](mailto:info@onlineloyalty.net)

Dear Sir / Madam,

**APPLICATION TO JOIN THE LOYALTY ASSOCIATION**

We \_\_\_\_\_ wish to join The Loyalty Association and confirm that we fully comply and adhere the Associations Codes of Practice, as laid out in the Associations Constitution and agree and confirm that;

*(please tick to confirm)*

1. We adhere to the current Data Protection Act and applicable EU directives (currently PECR 1993) and agree that all contact details including company registration number, full postal address and phone number is available, and regulation by The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006.
  
2. We promote clients truthfully and in line with their brand guidelines and any other regulations laid down by the client.
  
3. We take responsibility for potential fraudulent activity carried out by users, and agree that any commission paid out will be credited to the merchant within 120 days of the transaction date.

4. Any complaints or queries related to our website(s) or rewards are handled by us and that we do not encourage users to contact the merchant or affiliate network directly regarding this.
  
5. All rewards and offers promoted on our website(s) are true and updated on a regular basis.
  
6. We do not display misleading information about the true value and nature of rewards and redemption procedure. This means that all program terms, including details related to timelines related to reward allocations, are listed on the website(s) in a clear and concise manner.
  
7. We can demonstrate that we have a reliable system in place for monitoring, tracking and delivering rewards to our users. Our users receive their legitimate rewards within the given timeframe and within 30 days of commission payments being made from the merchant.
  
8. All personal details given by users are handled with care and respect, in line with the Associations' data protection regulations and that this is clearly stated upon registration and in our terms and conditions.
  
9. We agree to submit to an annual audit of our systems and adherence to the code of practice and SLAs of the Association.
  
10. We agree to pay the annual membership fee to the Association, currently of £2,500+ VAT.

Yours faithfully,

Signed / for and on behalf of \_\_\_\_\_ Date \_\_\_\_\_

## APPENDIX V

### **DISCIPLINARY PROCEDURES**

The Executive Committee will only investigate those complaints received against members of the Association which concern the members' compliance with the association's code of conduct. All other business related matters will not be investigated by the Executive Committee.

If the Executive Committee, at one of its meetings agrees that a complaint against a member has been upheld and no satisfactory resolution achieved, or if a member is found to be failing to meet these guidelines, the Association reserves the right to investigate the matter and where required take the necessary action to suspend or ultimately remove membership.

If a breach of the code is deemed to have taken place, the Executive Committee will bring the matter to the attention of the member and make an objection, in writing by registered post to the members main trading address and by e-mail. It may also recommend a course of action to the member to remedy the breach.

The member will then have the opportunity to respond to the objection and remedy the breach.

If the member does not resolve the breach, or satisfactorily respond to the Associations registered letter within six weeks, or by the next Committee Meeting (whichever is the longer), the Executive Committee reserves the right to suspend the membership of that particular member.

Suspension will be notified to the member by registered post to the members main trading address and by e-mail. The member must respond to the Associations registered letter within six weeks, or by the next Committee Meeting (whichever is the longer), and has the right to be heard by the Executive Committee before a final decision is made.

Following this meeting, the Executive Committee reserves the right to suspend the membership of that particular member with immediate effect. Notification of this removal will be sent in writing by registered post to the members main trading address and by e-mail.

Notification of any removal will also be sent to all other members and the removed member will have to remove any reference to membership within 24 hours.

No repayment of the membership fee will be made.

## APPENDIX VI

### **CURRENT OFFICERS, COMMITTEE & PROFESSIONAL ADVISERS**

#### **OFFICERS**

PRESIDENT	Neil Durrant	(Greasy Palm)
CHAIRMAN	Richard Yendall	(RPoints)
TREASURER	Eduard Sparkes	(RPoints)
SECRETARY	Siri Andersen	(Mutual Points)

#### **COMMITTEE**

The above plus;

	Mark Ash	(Mutual Points)
	Darren Loud	(Greasy Palm)

#### **ACCOUNTANTS & AUDITORS**

Alexander Edward Lee LLP  
201 Haverstock Hill  
London  
NW3 4QG

#### **SOLICITORS**

Halliwells  
1 Threadneedle Street  
London  
EC2R 8AY