**FFSI PAYMENT PROTECTION SCHEME**

The Scheme has two coverages: -

1. **GUARANTEE FUND POLICY**
2. **PAYMENT PROTECTION POLICY**
3. **GUARANTEE FUND POLICY**

### Purpose and Scope of the POLICY

* + 1. The purpose of the FFSI GUARANTEE FUND POLICY is to cover “Creditor Agents” in the event a “Debtor Agent” is “Legally Declared Bankrupt”.
    2. For this purpose, “Legally Declared Bankrupt” means an entity which through legal process has declared its inability to pay its debts.
    3. Furthermore, it is also the purpose of this policy to support the FFSI Accounts Settlement Policy under its clause 4.5.3.

### Guarantee Fund Fee

* + 1. Each “Network Office” must subscribe to the Guarantee Fund by paying an annual fee of US$500.00 or such other amount as may from time to time be determined by the “Board of Directors”.

### Limitation of Compensation

* + 1. The “Guarantee Fund” is a policy to cover a maximum amount of US$100,000.00 for a “Network Office” which is “Legally Declared Bankrupt”.
    2. The amount of US$100,000.00 will be distributed to the “Creditor Agents” proportionately against the total payables by the “Legally Declared Bankrupt”.
    3. The “Policy” only covers transactions that are less than 90 days from the date of the execution of transactions.
    4. Any “Network Office” which fails to submit their “Accounts Receivable” Report or fails to include the amount of indebtedness of the Defaulter in their report for any of the months covering the claim period shall be excluded from receiving any compensation whatsoever.
    5. FFSI will not be liable for any compensation from the date which the “FFSI Network Services Office” (NSO) formally notifies Members that further transactions with any particular “Network Office” is at the sole discretion and risk of Members.

## PAYMENT PROTECTION POLICY

### Purpose and Scope of the POLICY

* + 1. The purpose of the FFSI PAYMENT PROTECTION POLICY is to cover “Creditor Agents” in the event a “Debtor Agent” is declared a “Defaulter”.
    2. For this purpose, a “Defaulter” means a “Network Office” is unable to settle whatsoever debts, either to “Network Offices” and/or Association, the “Board of Directors” shall have sole discretion to declare the “Network Office” a “Defaulter”.
    3. Furthermore, it is also the purpose of this policy to support the FFSI Accounts Settlement Policy under its clause 4.5.3.

### Limitation of Compensation

* + 1. The “Payment Protection Policy’ covers a maximum amount of US$50,000.00 for a “Network Office” which is declared a “Defaulter”.
    2. The amount of US$50,000.00 will be distributed to the “Creditor Agents” proportionately against the total payables by the “Defaulter”.

### Terms and Conditions on Policies

* 1. Only members who submit all their monthly AR reports shall be covered by the Guarantee Fund/Payment Protection Policies. This rule shall commence with the April 2019 report which should be reported by 15 May 2019 or latest 25 May 2019. For the April 1, 2019 to December 31, 2019 period, a member must have submitted all the required reports up to the date of declaration of bankruptcy/default to qualify for guarantee fund coverage for any bankruptcy/default that happens within that period. Henceforth, the 12 months period beginning January 1, 2020 will be the basis of “perfect” submissions under the same foregoing principle.
  2. The “Policy” only covers transactions that are less than 90 days from the date of the execution of transactions.
  3. Members with bilateral credit arrangements with each other which are outside the FFSI Policy shall not be covered by the Guarantee Fund or Payment Protection Policies in the event that one of the agreeing parties to the bilateral credit arrangements goes bankrupt or defaulted.
  4. In the event a member is declared bankrupt or defaulted, the affiliated credit member(s) (inter- companies) may not qualify for any compensation whatsoever.