

# **Xplore Referrer Rules and Policy - National Consumer Credit Protection Policy (NCCP)**

Many Amway IBO's members introduce business to Xplore via the Amway referral program and in return the referring IBO receives a payment in the form of cash and/or PV/BV.

These IBO sources will not need to be licensed or appointed as a credit representative under the new National Consumer Credit Protection Legislation (NCCP) so long as certain conditions are satisfied to qualify for an exemption.

## **Types of referrers**

Under the legislation IBO Referrers need to be considered in the context of three categories:

1. **Individual referrers** – occasional referrals by customers, friends, or relations do not amount to 'credit activities' so there is no need to consider the exemption. These referrals can continue to be made in the same way as before the NCCP Act commenced. This is because section 9 of the NCCP Act, which describes acting as an 'intermediary', only applies when the activity occurs as part of or ancillary to a business.
2. **Business related referrers** – when a referral is made as part of a business or incidental to a business, the referrer may be acting as an intermediary. Regulations 9AB and 25(4) provide an exemption for referrers from the NCCP Act licensing regime. The exemption will allow the referrer to make a referral providing the conditions in the exemption are satisfied.
3. **Website referrers** – 'passive' website links are like newspaper advertisements, and so do not comprise a credit service. (As referrers also provide customer data via the Xplore website which is then passed to Xplore, this website will be disclosing commissions - reg 25(2A))

## **Conditions that must be satisfied to benefit from the referrer exemption (reg 25(4))**

**These conditions must be satisfied now to obtain the referrer exemption.**

A referrer will be able to provide a customer's contact details to Xplore provided the following conditions are satisfied.

1. The activity consists **only** of:
  - the referrer informing the consumer that Xplore is able to provide the service
  - the referrer giving to Xplore, the consumer's name and contact details and a short description of the purpose for which the consumer may want the credit or lease( e.g an online internet enquiry).
2. The referrer is not **banned from engaging in credit activities**.
3. The referrer **must disclose** to the consumer any benefits including commission that may be received.
4. The referrer **must not charge the consumer a fee**.
5. The **consumer has consented to the referrer giving the consumer's name to Xplore**.

6. The referrer **must not make the referral incidental to a business that is principally making contact with persons for the purposes of giving their names or details to other persons** (ie not a call centre).

**From 1 October 2010, the following additional conditions must be satisfied to obtain the referrer exemption.**

7. **Xplore has an agreement with the referrer** (which can be created by a written offer and acceptance by conduct – eg by referring a loan) which specifies the conduct in which the referrer can engage. See the Xplore agreement at the end of this communication, which is now on the Xplore website and on Xplore referral brochures. Use of the Xplore referral program will inherently constitute acceptance of this agreement.
8. The referrer **must give the information to Xplore within five business days** after informing the consumer that Xplore is able to provide the service.
9. The referrer doesn't **conduct business by contacting people face to face from non-standard business premises** (eg a stall in a shopping mall).
10. Each Xplore licensed (or registered) broker and each Xplore credit representative must keep a register of referrers including the date and the means by which the agreement with the referrer was entered and the date of commencement of the referrals. Xplore reserves the right to periodically review this register.
11. Xplore **must contact the consumer within 10 business days of receiving the referral.**
12. If Xplore contacts the consumer in person, the Xplore licensed broker or credit representative must first identify itself and then begin the discussion with the consumer by statements to the following effect:

*“I am contacting you because we have been provided with your contact details by [name of referrer]. Can you confirm that you agreed with [name of referrer] to have us contact you?”*

If a payment of commission may be given to the referrer:

*“Before we continue, I would like to let you know that if you take up any of our products or services, [name of referrer] may receive the following financial benefits [brief description]. Are you happy to continue this discussion?”*

13. If the Xplore licensed broker or credit representative contacts the consumer by letter or email, the letter or email must contain statements to the following effect at the start of the letter or email:

*“I am contacting you because we have been provided with your contact details by [name of referrer]. I would like to let you know that if you take up any of our products or services, [name of referrer] may receive the following financial benefits [brief description].”*

## **Referrer Agreement**

**If you choose to refer potential borrowers to Xplore you will be deemed to have read and fully understood the “Xplore Referrer NCCP Policy” available at [www.xplore.com.au](http://www.xplore.com.au) and specifically agreed to the terms set out below.**

You must:

- only engage in credit activities as a referrer incidentally to another business you are carrying on
- not charge a fee to the consumer for the referral
- only inform the consumer that we are able to arrange loans and leases but not any particular product, and not provide any recommendations or advice concerning loans or leases
- inform the consumer of any commissions or other benefits you may receive
- obtain the consent of the consumer to pass their name, contact details and a short description of the purpose for which the consumer may want the credit or lease
- pass the consumer’s contact details to us within five business days of informing the consumer that we are able to arrange loans and leases but not any particular product.