

In accordance with Item 6.2, paragraph 5 of the Statute of the SCC, the members of the Slovenian Franchise Association adopted at a regular Members' Meeting on 8 December 2014 the following

RULES on the Organisation and Work of the Slovenian Franchise Association

I. INTRODUCTORY PROVISIONS

Article 1

These Rules on the Organisation and Work of the Slovenian Franchise Association (hereinafter referred to as the 'rules') govern the organisation and operation of the Slovenian Franchise Association (hereinafter referred to as the 'Association'), which operates under the auspices of the Slovenian Chamber of Commerce.

Article 2

The Association operates under the following name:

**Trgovinska zbornica Slovenije
Sekcija slovenskih franšiznih družb**

The headquarters of the Association is in: Ljubljana

The Association uses the following name in dealings with foreign and international organisations:

**Slovenian Chamber of Commerce
Slovenian Franchise Association**

The Association uses the logo of the Slovenian Franchise Association.

II. GOALS AND INTERESTS

Article 3

The members have formed this Association for the purpose of:

- representing the interests of franchise companies in the economic and wider social environment;
- promoting and developing franchising in Slovenia;
- protecting the interests of franchisors and franchisees;
- formulating opinions, views and suggestions and presenting them to state authorities through the Slovenian Chamber of Commerce in order to co-shape the economic system and economic policies;

enabling integration and participation in international organisations in the area of franchising to ensure the transfer of information, know-how, and business experience (exchange of experience with the EFF and WFC);

enabling the transfer of professional and business information between members in accordance with their common interests;

organising collaborations with other Slovenian organisations and associations in accordance with the interests of the members and protecting the good name of franchising as a form of business organisation.

Article 4

In order to realise its goals and interests, the Association will:

- represent the interests of its members;
- collect, process, and communicate relevant information to its members;
- provide its members with free advice on any issue in relation to franchising, support them, and keep them informed on developments;
- organise professional gatherings and publish a newsletter with professional information as necessary;
- establish contact with other interested economic associations and institutions and collaborate with them in addressing professional problems in relation to franchising in order to promote economic cooperation;
- inform the public, institutes, state authorities, and parliamentary bodies and other associations about the importance of franchising, and work to protect the interests of franchisors and franchisees;
- establish contact with international franchise associations and professional associations in other countries;
- adopt and follow the European Code of Ethics for Franchising.

III. MEMBERSHIP

Article 5

Membership in the Association is voluntary. The Association comprises:

- full members and
- associate members.

Article 6

Full membership

Full membership is available to natural persons and legal entities established in the Republic of Slovenia and engaged in franchising as part of their registered activities.

Full membership is conditional upon the following requirements:

- the candidate must be a member of the Slovenian Chamber of Commerce;
- the candidate must have been engaged in franchising in Slovenia as part of their business activities for a minimum of 1 year;
- upon being accepted as a full member, the candidate must sign a statement that they agree to follow the Rules on the Organisation and Work of the Slovenian Franchise Association;
- upon being accepted as a full member, the candidate must sign a statement that they agree to follow the European Code of Ethics for Franchising and a statement that their franchise agreement is compliant with the European Code of Ethics for Franchising and with the applicable legislation in force in the Republic of Slovenia and that they are able to provide all the pre-contractual information required by franchisees (prospectus).

To be accepted as full members, candidates must present:

- a written application for full membership in the Association;
- their company registration certificate (legal entities) or registration form (natural person);
- a certificate of registration or application for the registration of their company name or a licence for the use of the name;
- the table of contents or a summary of their franchise manual;
- proof of payment of the registration fee.

Any changes in the above data must be reported by the members themselves.

Article 7

Associate membership

Associate membership is available to:

1. legal entities and natural persons who wish to adopt franchising as a business model and have only begun to develop their franchise system and thus do not yet meet all the requirements for full membership;

2. consulting companies and consultants who are able to demonstrate that they have been independently engaged in the area of franchising in Slovenia for a minimum of 2 years until their share of the membership exceeds 10% of the full membership of the Association;
3. foreign franchise companies who do not yet operate in Slovenia but are full members of national franchise associations that are full members of the European Franchise Federation;
4. banks that support franchising in Slovenia;
5. members who do not yet meet the requirements for full membership but wish to support franchising in another manner.

To be accepted as associate members, candidates must present:

1. an accession statement for membership in the Slovenian Chamber of Commerce;
2. a written application for associate membership in the Association;
3. their company registration certificate (legal entities) or registration form (natural person);
4. consulting companies: proof of the performance of consulting activities in franchising in Slovenia;
5. foreign franchise companies: proof of full membership in an association that is a full member of the European Franchise Federation;
6. proof of payment of the registration fee.

Article 8

Upon being accepted as an associate member, the candidate must sign a statement that they agree to follow the Rules on the Organisation and Work of the Slovenian Franchise Association and the European Code of Ethics for Franchising and submit the required supporting documents. The registration fee is the membership fee for the first year of membership in the Association.

Article 9

When an associate member meets the requirements stipulated in Article 6, they may apply for full membership in the Association.

Article 10

Register

The Secretary of the Association verifies whether a candidate applying for membership in the Association meets the requirements on the basis of the candidate's written application and the enclosed supporting documents.

Admission to membership is decided by the Executive Board or, if no Executive Board is appointed, the Members' Meeting.

Any disputes in relation to the admission of a candidate as a member of the Association are decided by the Members' Meeting.

Article 11

The member register is kept by the Slovenian Chamber of Commerce.

The following data is entered in the register:

- the member's full business name;
- the member's registered office;
- the member's activity;

- the name of the director or responsible person;
- the name of the person representing the company within the Association;
- the date of admission to membership;
- supporting documents demonstrating that the member meets the requirements stipulated in Articles 6 and 7 of these rules;
- the date of the introduction of franchising;
- the number of the member's own units and the number of franchise units or the number of natural persons and legal entities as at the date of the submission of the application for membership in the Association.

IV. RIGHTS AND DUTIES

Article 12

Full members

Full members have the right to:

- use the name and logo of the Association;
- elect and be elected into the Association's bodies;
- vote at the Association's Members' Meetings;
- make programming and financial decisions for the Association;
- decide on amendments to these rules;
- decide on the reorganisation and termination of the Association.

Full members have the duty to:

- meet their obligations arising from these rules and execute the decisions of the Association's bodies;
- participate in the work of the association;
- pay the membership fee in a timely manner;
- provide the Association with information required for the performance of its work programme.

Article 13

Associate members

Associate members have the right to:

- use the name (but not the logo) of the Association;
- attend all of the Association's gatherings and participate in its activities.

Associate members have the duty to:

- participate in the work of the association;
- pay the membership fee in a timely manner;
- provide the Association with information required for the performance of its work programme.

Article 14

Membership in the Association may be revoked in the following cases:

- at the request of the member – voluntary withdrawal;
- due to expulsion;
- due to the non-fulfilment of the requirements stipulated in Articles 6 and 7;
- due to the termination of the Association.

If a member no longer wishes to take part in the work of the Association, they must inform the Association in writing of their voluntary withdrawal. The notice period for withdrawal from the Association is two months before the end of the calendar year.

Article 15

Members may be expelled due to gross violations of the Code of Ethics for Franchising or other obligations stipulated in these rules. The decision to expel a member must be made by a 2/3 majority vote of the Association's full members.

Article 16

In the event of the revocation of their membership, members are not entitled to make any claims on the assets of the Association, nor are they entitled to the reimbursement of their membership fee for the current year.

V. ORGANISATION OF THE ASSOCIATION

Article 17

The Association has:

- a Members' Meeting;
- a Chairperson and Deputy Chairperson;
- a Secretary;
- an Executive Board.

Article 18

Members' Meeting

The Members' Meeting is the highest body of the Association. It comprises the authorised representatives of all of the Association's members.

Article 19

The Members' Meeting has the following powers and duties:

- deciding on the establishment and termination of the Association;
- electing a Chairperson and Deputy Chairperson;
- electing a Secretary;
- electing an Executive Board;
- directing the work of the Association;
- reviewing and approving reports on the Association's work and annual work programmes;
- approving the annual budget for costs related to the Association's operation;
- deciding on appeals against membership admission decisions;
- deciding on the membership of the Association in international and other organisations;
- adopting the Rules on the Organisation and Work of the Slovenian Franchise Association
- all the powers of the Executive Board until its appointment.

Article 20

Members' Meetings are held at least once per year. They are conducted by the Chairperson of the Association. Members' Meetings are convened by the Chairperson of the Association on his own initiative or at the request of at least one third of the members.

The Members' Meeting has a quorum if the representatives of more than half of all full members are present.

If it is determined that the Members' Meeting does not have a quorum, the meeting is adjourned for 30 minutes. The Members' Meeting is considered to have a quorum if at least 3 full members of the Association are present when the meeting is resumed. This paragraph does not apply to meetings for the election of the Chairperson, the Deputy Chairperson or the Secretary, the determination of the annual membership fee for full and associate members, the approval of annual work programmes, annual financial plans or annual reports on the Association's work or the adoption of rules; in these cases, the second paragraph of this article applies.

All full members of the Association have the right to vote. Each full member gets one vote. The Assembly makes decisions by a 2/3 majority vote of the present representatives of full members of the Association. Votes at Members' Meetings are public. Minutes are kept of Members' Meetings and signed by the Chairperson. In exceptional cases, Members' Meetings may be held by correspondence.

Article 21

Chairperson and Deputy Chairperson

The Association has a Chairperson and a Deputy Chairperson, who are elected by the Members' Meeting by a majority vote of the full members of the Association. The Chairperson and Deputy Chairperson are elected for a renewable four-year term of office.

The Chairperson of the Association is also the Chairperson of the Executive Board.

Article 22

The Chairperson has the following powers and duties:

- representing the Association;
- convening and chairing Members' Meetings and Executive Board meetings;
- coordinating and representing the common interests of all the members of the Association;
- executing the decisions of the Members' Meeting and the Executive Board;
- entering into legal transactions within the limits of the approved budget in accordance with the guidelines;
- signing implementing acts within the limits of his powers;
- preparing draft annual work programmes and annual financial plans, and annual reports on the Association's work;
- ensuring the professional conduct of the Association and the proper conduct of its financial operations.

In the event of the Chairperson's absence, they are substituted by the Deputy Chairperson.

Article 23

Secretary

The Secretary has the following powers and duties:

- keeping track of developments in franchising;
- performing the duties assigned to them by the Executive Board, the Members' Meeting and the Chairperson;
- collecting, processing, and communicating information on franchising in Slovenia and abroad to all members of the Association;
- providing professional advice to members of the Association;
- participating in all of the Association's activities;
- participating in the procedure for the admission of new members;
- sharing the Association's information on franchising in Slovenia with interested third parties (foreign systems, researchers, media);
- collecting, processing, and communicating information on franchising to all members of the Association;
- monitoring the legislation and other sources of law affecting the area of franchising;
- preparing materials for Members' Meetings and the Executive Board;
- verifying the payment of membership fees (contributions) by members;
- ensuring the professional conduct of the Association and its compliance with the law;
- informing members about the work of the Association.

The Secretary is appointed by the Executive Board for a four-year term of office. The Secretary performs their work on the basis of a work contract signed by the Chairperson. The Secretary is paid for their work using the funds collected from the special membership fee paid by the members of the Association.

Article 24

Executive Board

The Executive Board is the main decision-making body of the Association. The Executive Board is elected once the Association has more than 20 full members. The Executive Board comprises 5 members. Only full members of the Association may be elected to the Executive Board. The Chairperson of the Association is also the Chairperson of the Executive Board. The members of the Executive Board are elected for a renewable four-year term of office. Each member of the Executive Board has one vote.

The Executive Board has a quorum if more than half of its members are present. The Executive Board makes decisions by a majority vote of its members. The Executive Board may also make decisions by correspondence.

Article 25

The Executive Board has the following powers and duties:

- executing the decisions of the Members' Meeting;
- proposing annual work programmes and financial plans to the Members' Meeting for adoption;

- determining the annual membership fee for full and associate members;
- taking measures and making decisions for the implementation of the annual work programme;
- proposing the annual budget and cost accounts to the Members' Meeting and ensuring their implementation;
- deciding on the acquisition and use of extraordinary sources of funding;
- adopting membership admission decisions;
- deciding on the appropriate measures in the event of disputes in relation to membership (non-fulfilment of requirements);
- annually reporting on the work of the Association to the Management Board of the Slovenian Chamber of Commerce;
- proposing and appointing its representatives in the bodies of the Slovenian Chamber of Commerce;
- considering and making proposals to the Slovenian Chamber of Commerce and state authorities on matters relating to franchising;
- appointing working bodies for individual areas of work as necessary.

Article 26

The administrative and technical matters of the Association are handled by the Slovenian Chamber of Commerce's specialist services.

VI. SOURCES OF FUNDING

Article 27

The special membership fee paid by the members of the Association is used to fund the activities of the Association that are not part of the regular services provided by the Slovenian Chamber of Commerce, particularly:

- membership and participation in external (international) organisations;
- the representation of the Association in the bodies of external organisations;
- the work of the Secretary;
- prospectuses and special publications;
- the specialist services and activities of the Association.

Article 28

The Association is funded from the following sources:

- the membership fee paid by full and associate members;
- sponsorship;
- other sources.

The annual membership fee applies to full and associate members.

By the end of each year, the Members' Meeting adopts the annual work programme and cost budget for the following year.

The decision on the membership fee for full and associate members is adopted by the Members' Meeting or, if one has been elected, the Executive Board.

Article 29

The members of the Association undertake to pay the membership fee for membership in the Association in a timely manner.

The membership fee is paid once per year, at the beginning of the fiscal year. Changes to the membership fee take effect the month following their adoption by the Association's bodies. In the event of arrears, members are charged statutory default interest. If a member of the Association fails to pay the membership fee in a timely manner despite being reminded to do so, their membership may be revoked on the basis of a decision adopted by the Executive Board.

Article 30

The Slovenian Chamber of Commerce will provide the Association with rooms for occasional meetings, seminars and gatherings, administrative and technical support and accounting services for the Association's earmarked funds.

Article 31

Any specialised services that are not part of the regular consulting services of the Slovenian Chamber of Commerce will be organised independently by the Association in accordance with its work programme.

Individual activities of the Association that are not included in its work programme and financial plan but are associated with material costs must be funded in equal or proportional shares by the participating members of the Association. Members must confirm their participation in individual activities with a written confirmation.

All financial transactions for the Association will be carried out through the accounting department of the Slovenian Chamber of Commerce, except for transactions made using specially collected funds with the approval of the Chairperson of the Association.

The Association's financial operations must be performed in accordance with the Financial Regulations of the Slovenian Chamber of Commerce.

VII. FINAL PROVISIONS

Article 32

Amendments to these rules are adopted by the full members of the Association at Members' Meetings.

Article 33

These rules enter into force on the date of their approval by the Management Board of the Slovenian Chamber of Commerce.

Ljubljana, 8 December 2014

Chairman of the Association
Janez Strniša, m.p.

The Management Board of the Slovenian Chamber of Commerce approved these Rules on the Organisation and Work of the Slovenian Franchise Association at its session on 14 January 2015.