

REGULATIONS OF THE LEGAL SECTION OF THE AEF COMMITTEE OF EXPERTS

Art. 1 Creation of the Legal Section of the Committee of Experts

The legal section of the Committee of Experts was created according to that established in Art. 50 and those that follow of the Statutes of the Spanish Association of Franchisors (AEF from the Spanish) and it is governed by that established in the AEF Statutes and in these internal rules and regulations.

Art. 2 Objectives

The legal section of the Committee of Experts constitutes an organisation for the provision of services to the association and its members. Due to the nature of the legal services in question, its composition essentially depends on the trust which its members bestow on the Board of Directors, on which it depends organically.

Art. 3 Duties of the Committee

The duties assigned to the Committee are as follows:

- a) To assist the AEF in all matters of a legal nature for which it is responsible and which require legal information or assistance, without prejudice to the commitments which, according to Bylaws, are the responsibility of the Legal Advisor.
- b) To actively collaborate in the creation of legal studies, articles or publications which will be distributed by the AEF.
- c) Participation in the AEF talks, seminars or technical workshops indicated by the Board of Directors, depending on the availability of the members.
- d) To provide free legal advice in the following circumstances:
 - to full members and associates of the AEF during the Valencia, Madrid and Barcelona Fairs, during other national fairs selected by the Board and during other events promoted by the AEF.
 - the service will be limited to brief consultations of a legal nature which may be resolved at the time, without the need for a special study of factual or legal records, and within the public opening hours of the aforementioned fairs or events.
 - the service will also be offered to businesses or people who request it, even if they are not members of the Association, with the proviso that they pay the tariffs which are determined for each case by the Board of Directors, if they deem it opportune.

-the costs will be paid directly to the Association, which will, in turn, be required to provide the necessary material resources and to prepare a specific area, within the stands at the fairs or events, so that Committee members can adequately provide said service.

-the service will also extend to telephone consultations with the same scope and character, as long as calls are made during office hours. The Board may establish criteria to organise the provision of this service, such as a 902 (low rate) telephone system.

- e) To support the franchising informational and promotional actions carried out by the AEF in order to attract new members and associates.
- f) Legal assistance and support in the defence of AEF interests, promoting legislative modifications, participating in talks, contributing to legal forums, etc., always representing the AEF.
- g) Coordination of AEF interests in legal actions which are instigated against it or which it decides to instigate in the face of conduct which may damage its own prestige, that of its associates or that of the franchise system in general, not including the legal direction of the corresponding procedures.
- h) Any other duty which the Board of Directors may select in the future.

Art. 4 Selection criteria of candidates for the Committee of Experts

Above all, members of the legal section must be, due to the nature of the services they will provide, persons deemed trustworthy by the Board of Directors. They must meet the following requirements:

- They must be a natural person.
- They must be acting lawyers who have been exercising their professional activity in the franchising sector uninterruptedly for at least 10 years.
- They must formally accept in writing the commitment to respect at all times the Franchising Code of Ethics, these Regulations and the AEF Statutes and to faithfully carry out their duties to the best of their knowledge and belief, striving to uphold the prestige of the franchising system and the AEF.
- They must present the AEF Board with an admissions dossier which must meet the requirements.
- They must meet the requirements of Art. 46 of the Statutes.

The Committee will have a minimum of 5 and a maximum of 11 members.

In any case, the AEF Board of Directors has exclusive authority in deciding the suitability of a candidate to become a member of or be dismissed from the legal section of the Committee of Experts.

The decision about any new incorporation into or exclusion from the Committee will be made by the Board of Directors, after having heard the proposal of the Committee.

Art. 5 Rights and Obligations of the members of the Legal Section of the Committee of Experts

-Committee members may use, exclusively along with members of other sections which may be created, the title of “Member of the AEF Committee of Experts” in all of their presentations and communications.

-Membership of the Committee will not be remunerative and nor will it involve the payment of any fees, although the Board may agree on the subsidisation of transport costs, lodging and board.

-Members of the legal section of the Committee are obliged to apply the spirit and letter of the Franchising Code of Ethics in all their affairs and they are obliged to not interfere with or publically protest against the prestige and reputation of the AEF.

All Committee members are obliged to immediately report any modification of their professional status to the Board of Directors.

Committee members cannot hold representative or managerial positions nor have shares in the capital of franchised companies, whether or not said companies are in networks associated with the AEF.

All information to which Committee members have access, due to its pertinence to said Committee or in dealings with the public, will be kept in strict confidentiality.

This is understood without prejudice on the professional, ethical obligations and regulations which are imposed upon them due to their status as acting lawyers and which, in all cases, will prevail over any other regulations or obligations which apply in these Regulations.

In cases where members of the legal section of the Committee of Experts are involved in the defence of the conflicting interests of any full member or associate of the AEF, they should attempt mediation in the Franchising Court of Arbitration before exercising any type of legal or arbitration action. In cases where they have to take actions in the face of said mediation, this should take place as soon as possible without prejudice on the interests of their client.

Art. 6 Running the Committee of Experts

In order to provide the AEF Board of Directors with assistance, without prejudice on other collaborations which it requests in accordance with these Regulations, the Committee will organise regular meetings, working committees and technical-legal publications. These will be sponsored by the AEF or paid for directly at its own expense.

These meetings will be held within the AEF or in places decided at the time by its President.

Members will name a President and Secretary from among themselves and they will determine, by majority vote, the internal regulations which must govern the running of the Committee.

Art. 7 Dismissal of members from the Committee of Experts

The Board will be sovereign in the dismissal, at any time and due to a loss of trust, of members of the Legal Section of the Committee of Experts, after having heard a report from said Committee.

However, the specific causes for dismissal are:

- a) Any written report concerning the professionally inappropriate conduct of a specific Committee member.
- b) Neglect in the obligation to attend the fairs and events or in the general fulfilment of established duties.
- c) Neglect in the obligation to assist with telephone consultations.
- d) Neglect in the obligation to attend meetings called by the President.
- e) Actions against a full member or AEF associate without first or simultaneously attempting mediation (negotiation).
- f) Any actions against the good image and reputation of the AEF.

Art. 8 Integrity

These Regulations constitute, along with the Statutes, the entirety of the rules and regulations which will govern the Legal Section of the Committee of Experts. In the case that the AEF Board deems it necessary to modify these regulations, a new set of rules and regulations which include the modifications will be passed. When other sections of the Committee of Experts are constituted, they will be provided with their corresponding Internal Regulations.

Barcelona, September 2004