

## Enclosure 7

### Rules of Conduct

#### INDEX

#	Articles
1.	Introduction
2.	Definitions
3.	Becoming an IBD
4.	Responsibilities and Obligations
5.	Presentation of the Plan, Sponsoring and Support
6.	Preservation of the Tree of Sponsorship
7.	Business Support tools
8.	Marks and Copyrighted Works
9.	Complying With the IBD Contract (Remedies for Breach)
10.	Modification of the IBD Contract
11.	Dispute Resolution Procedures

## 1. Introduction

The Rules of Conduct (“Rules”) form an important part of the contract between Toptime and the Independent Business Distributors (the “IBD Contract”). The Rules have been developed in accordance to the Guidelines of various Direct Selling Associations and statutory bodies, and have been implemented following notice to IBDs and review of their comment

IBDs also known as associates own and operate their own Independent Businesses (“IBs”). Toptime recognizes the value of the contributions that IBDs who have achieved business goals can make to the development of other IBDs whom they sponsor and support under the Rules. As IBDs develop into established leaders, thence play important role in guiding, training and developing other IBDs as future leader or business managers of the Toptime business. Among other things, the Rules are designed to ensure that all IBDs have the support that they need to continue to develop their IBs with Toptime.

Under the IBD Contract, IBDs receive substantial benefits, including: the right to purchase products through Toptime at DP value for resale; the right to sponsor others to become IBDs and sell products offered at [www.toptimenet.com](http://www.toptimenet.com) or its mobile application; the right to qualify for various income under the Toptime IBD Compensation Plan (“Plan”); use of Toptime’ intellectual property in accordance with the Rules; and a variety of support for IBDs and their Customers. As part of its commitment to support the opportunity made available to IBDs, Toptime invests substantial resources in goodwill, in the Tree of sponsorship (“TOS”); Information to provide IBDs with a competitive advantage. All IBDs and Toptime share a competitive business interest in maintaining and protecting these assets and interests. The Rules provide important safeguards for IBDs and Toptime in this regard, as well as contractual rights and obligations.

1.1. Contractual Relationship: Toptime Network Private Limited. (“Toptime”) has a contract with each IBD that includes all of the terms in the IBD Registration Agreement form executed by the IBD, the renewal form(s) executed or authorized by the IBD, the Plan and the Rules in effect at the time the IBD executed the IBD Registration Agreement, and any Entity Agreement for Independent Business Distributors (IBDs) (“Entity Agreement”) or modifications to the Plan or Rules that become effective during the term of the contract (the “IBD Contract”). The current version of the Plan and Rules can be found at [www.toptimenet.com](http://www.toptimenet.com).

As part of the IBD Contract, IBDs have an obligation to comply with the Rules.

1.2. Choice of Law: The IBD agreement and all questions of its interpretation shall be in accordance with the laws of the Republic of India, without regard to its principles of conflicts of laws. The IBD agreement is civil in nature and hence, it is to be governed and construed in accordance with the Indian Contract Act, 1872, the Code of Civil Procedure and other applicable laws of India.

1.3. Severability: If an arbitrator or court of competent jurisdiction determines any portion of the Rules of Conduct is unenforceable in any respect, then it shall enforce the rest of the Rules of Conduct to the fullest extent permitted by law without affecting the enforceability of all remaining Rules of Conduct.

## 2. Definitions

2.1. Toptime IBD Compensation Plan (or Business Plan) means the business arrangement through which IBDs receive certain income or other compensation as described in the Business Plan Guide.

2.2. Copyrighted Works means works protectable by copyrights that are owned by, created by or licensed to Toptime.

2.3. Customer means a non-IBD who is an end user of products and services offered through or by Toptime.

2.4. Independent Business (IB) means a Toptime independent business operated by an IBD(s) pursuant to the IBD Contract.

2.5. Independent Business Distributor (IBD) means an individual(s) or and Entity operating an IB pursuant to the IBD Contract.

2.6. Tree of Sponsorship (TOS) means the structural arrangement of IBDs established by the contractual relationship that each IBD has with Toptime.

2.7. TOS Information includes all information that discloses or relates to all or part of the Tree of Sponsorship, including but not limited to IBD numbers and other IBD business identification data, IBD personal contact information, IBD business performance information, and all information generated or derived therefrom, in its past, present or future forms.

2.8. Marks means the trademarks, service marks, trade dress and trade names adopted or used by Toptime and/or otherwise the subject of pending or existing trademark rights owned by or licensed to Toptime, regardless of whether the trademarks, service marks, trade dress or trade names are the subject of trademark applications or registrations.

2.9 Prospect means a prospective IBD.

2.10. Region means the India and Union Territories operating under the Plan.

2.11. Use means: (a) with reference to Marks, directly or indirectly placing, affixing or displaying one or more Marks on or in connection with goods or services, in a manner that tends to create the impression of an affiliation, connection, or association between Toptime and the IBD or Approved Provider; and (b) with reference to Copyrighted Works, to reproduce, distribute and/or display copies of the Copyrighted Works, in whole or in part, including by means of digital audio transmissions, and to create any derivative works.

### **3. Becoming an IBD**

3.1. Registration Agreement: To become an authorized IBD capable of merchandising products and services offered through or by Toptime and registering other IBDs, an applicant must be 18 years of age, complete and sign the IBD Registration Agreement, and pay the Business Processing Services and Support fee specified through website [www.toptimenet.com](http://www.toptimenet.com), time to time. An IBD Registration Agreement may be completed and signed in one of the following ways: (a) the applicant may complete, sign and submit an electronic version of the IBD Registration Agreement in accordance with the procedures on the Toptime website; or (b) the applicant may complete, sign and return a paper version of the IBD Registration Agreement.

3.2. Acceptance or Rejection of IBD Registration Agreement: Toptime reserves the right to accept or reject any IBD Registration Agreement. A registration shall be considered accepted by Toptime when it receives a completed and signed IBD Registration Agreement in accordance with Rule 3.1, its contents are verified and KYC process is completed with Toptime's IBD records database, and the registration does not violate any Rule of Conduct. Pending receipt of a completed, signed IBD Registration Agreement, Toptime may temporarily authorize an IBD to conduct business, subject to the Rules of Conduct for up to 90 days.

3.3. Legal Entities as IBDs: IBs shall be formed initially by and in the name(s) of the individual applicant(s). After receiving an IBD number, an IBD who wishes to operate his/her IB as a corporation, limited liability company (LLC), formal partnership, limited partnership, limited liability partnership (LLP) or trust must complete the appropriate Entity Agreement for Independent Business Distributors (IBDs) and submit it to Toptime, which may accept or reject it. Existing IBDs as of 01<sup>st</sup> April 2017, that are operating through a legal entity under an existing Entity Agreement approved by Toptime may continue to operate under that agreement, but the IBD and entity must sign the currently applicable Entity Agreement upon request or in the event of a change in ownership or control in the entity.

3.4. Husband, Wife and dependable children' and parents' IBDs: If in a family Husband, Wife and their Parents' and dependable children wish to become IBDs, they must register together under the same leg in the same Tree of sponsorship. In case if it is found that the family is operating under different legs and /or tree of sponsorships; then following actions will be taken:

a.) Other IDs of the family will be shifted under the oldest ID, or

b.) Only one ID may be allowed to continue business, other IDs may be blocked. The downline of the blocked IDs will be by default shifted to the immediate and relevant sponsor(s).

3.5. Term: The term of the IBD Contract shall expire at the end of each calendar year.

3.6. Annual Renewal: In order to renew the IBD Contract, an IBD must process through online acceptance of terms and conditions of renewal. Toptime reserves the right to reject any renewal request, or revoke any IBD's renewal agreement, if the IBD is not in compliance with all provisions of the IBD Contract.

3.7. Late Renewal: In the event that the IBD does not accept the online renewal of IBD contract at the end of calendar year; he will get notification during login to website through his/her login credential. In case if the IBD does not accept the renewal online he shall not be able to navigate through his business credentials; also if the contract is not renewed for 90 day the same IBD ID will be deactivated. And further it shall be terminated after 180 days. Once the ID gets terminated the downline of the ID may get by default transferred to IDs sponsor.

3.8. The IBDs working in contract with Toptime must declare the name(s) of the company(s) for which they have worked in past or currently working as an IBD.

3.9. IBD Contract Termination: An IBD may terminate his or her IBD Contract at any time prior to expiration by written communication through email at [support@toptimenet.com](mailto:support@toptimenet.com) or submission of termination of contract form through website login or can complete the termination request through customer service numbers..

3.10. Death and Inheritance: An IB can be passed on to a deceased IBD's spouse or nominee.

3.10.1. In cases where the IB is operated as an entity under Rule 3.3, and one of the owners of the entity dies, the entity will continue to operate the IB, provided the entity remains in compliance with Rule 3.3 and the successor of the deceased owner is an IBD in full compliance with the Rules. The entity shall notify Toptime of the change in ownership or control of the entity by submitting the currently applicable Entity Agreement reflecting the proposed changes, and any proposed changes in the ownership or control of the entity require the express approval of Toptime in writing.

#### 4. Responsibilities and Obligations

4.1. Duty of Good Faith: Under the terms of the IBD Contract, Toptime and all IBDs agree to perform their obligations in accordance with the duty of good faith and fair dealing. An IBD will be held accountable for the actions of family member or third party acting or purporting to act on behalf of the IBD or IB, so far as the Rules of Conduct are concerned. An IBD shall not aid and abet another IBD to violate the Rules of Conduct. IBDs shall not conduct any activity that could jeopardize the reputation of Toptime or IBDs.

4.2. Unsolicited and unapproved Electronic Messages: No IBD shall send, transmit, or otherwise communicate any unsolicited electronic messages relating to Toptime, its business opportunity, products or services to persons with whom the IBD does not have a pre-existing personal or business relationship. (This includes, but is not limited to, sending messages through newsgroups, purchased mailing lists, "safe lists," or other lists of individuals or entities with whom or which the IBD does not have a pre-existing relationship.)

4.3. Advertising: IBDs may advertise only with the express approval of Toptime in writing.

4.4. Retail Establishments: An IBD who works in or owns a retail establishment must operate his or her IB separate and apart from the retail establishment.

4.5. Event Sales and Display Booths or sales campaign: The display of products and approved literature by IBDs is permitted only if IBD follows the respective statutory guidelines and takes necessary approvals from local authorities on his own expenses; in the event of such non-compliances and penalty or losses arising due to such non-compliances Toptime will not be responsible for such acts of an IBD.

4.6. Statements About Products, Services, and the Opportunity: An IBD shall make only truthful and accurate statements about the business opportunity, products and services offered through or by Toptime. IBDs shall not make any claims about products or services offered through or by Toptime other than those claims found in Toptime authorized literature and at [www.toptimenet.com](http://www.toptimenet.com).

4.7. Repackaging: Products offered through or by Toptime are to be sold only in their original packages and in their original formulations. IBDs may not repackage products or otherwise change or alter any of the packaging, labels or materials of products offered through or by Toptime.

4.8. Written Sales Receipt: An IBD who takes and/or delivers an order in person must purchase or sale the product through Toptime website [www.toptimenet.com](http://www.toptimenet.com) and generate appropriate bill or purchase order.

4.9. Product Return: The voluntary generation of personal purchase value (PV) against product purchase triggers realtime distribution of income to upline sponsors (35%), franchisee (15%), associates tours fund (7%), GST (upto 18%) and therefore when IBD wants to return the products of Toptime that he purchased for self PV shall be considered after deducting the distributed commission + paid GST (Total 75%; which includes the portion of income received/to be received on self-purchase) with 3 % charge against the return transport and 10% deduction for being returned to cover handling and processing; amounting upto 91% deduction for return of goods. Goods return process shall be done through the courier with safe transport to the nearby company depo by IBDs at their own cost; and the copy of the dispatch note shall be sent to customer care with details mentioned on the pack as Bill number, IBD ID numbers with Name of the IBD. IBDs shall ensure that the returned goods are in intact condition, the seal or the label are not damaged & expired or are near to expiry; and

they are in marketable condition. Once the returned goods are received by nearby company depo IBD can get the confirmation from customers care about the payment, subject to clause number the returned goods are in intact condition, the seal or the label are not damaged & expired or are near to expiry; and they are in marketable condition.

4.10. No IBDs are allowed to sell the product(s), in lesser price than the IBD values to any other IBSs or customers.

4.11. Buy-Back Rule: IBDs leaving the Toptime business have a right to return Toptime products. A departing IBD may choose to sell inventory of currently marketable Toptime products to an upline IBD at a mutually agreeable price. If a departing IBD is unable to secure the buy-back of inventory through an upline IBD, Toptime shall repurchase the departing IBD's unused currently marketable Toptime products subject to appropriate deduction as mentioned in clause 4.9 Toptime reserves the right to repurchase only unused currently marketable Toptime products subject to Rule 4.9.

4.12. Other Returns: An IBD who is not leaving the Toptime business may ask Toptime to buy back Toptime products where he or she may be experiencing financial hardship or other exceptional circumstances as explained by the IBD. Return requests are reviewed on a case-by-case basis. Toptime reserves the right to repurchase only unused currently marketable Toptime products subject to Rule 4.9.

4.13 All IBDs must follow the business plan as mentioned on website [www.toptimenet.com](http://www.toptimenet.com); the business plan describes performance income, leadership bonus, tour fund, toppers plan and any other plans/offers. These plans and offers may time to time change and the same will be updated on the website and will be notified to all IBDs through our website.

4.14. Compliance with Applicable Laws, Regulations, and Codes: IBDs shall comply with all laws, regulations, and codes that apply to the operation of their IB wherever said business may be conducted. IBDs shall not directly or indirectly encourage, or aid and abet any person to violate any laws, regulations, codes, or term of the IBD Contract. No IBD may operate any illegal or unlawful business enterprise, or engage or participate in any deceptive, illegal or unlawful trade practices.

4.15. IBD Relationship: IBDs are independent contractors. IBDs shall not state or imply that they are employees, agents or legal representatives of Toptime, its affiliates, and/or other IBDs. IBDs shall not represent or imply, either directly or indirectly, that registration creates an employment relationship between themselves and the IBDs whom they have sponsored or who have sponsored them.

4.16. Franchises and Territories: Without prior confirmation with company no IBDs shall not represent to anyone that there are franchises or exclusive territories available to obtain. IBD must not undertake any type of cash transaction from the franchisee for opening of that store/franchisee.

4.17. Enticement to Change Position in the Tree of Sponsorship: Under no circumstances shall an IBD, directly or indirectly, solicit, assist, and attempt to induce, or encourage, another IBD to request a change in position in the Tree of Sponsorship.

4.18. Exporting and Importing: IBDs shall not export or import products or services offered through or by Toptime, or sell to others they have reason to believe will import or export such products or services, to or from the India or its possessions or territories or any other country, regardless of whether or not Toptime or its affiliates have established operations or

are doing business in that country. Nothing in this Rule prohibits IBDs from personal use or resale within the Region in accordance with the IBD Contract.

4.19. Activity Outside The Region or Activity Outside The Market Where The IBD Is Registered: IBDs who engage, directly or indirectly, in any activity related to the Toptime business in a jurisdiction outside of the Region must do so in a manner that complies with the letter and spirit of the applicable laws, regulations, rules, policies and procedures of the Toptime affiliate in that jurisdiction, regardless of whether they are registered IBDs in that jurisdiction. Failure to do so shall be a breach of the IBD Contract.

4.20. Sound Business Practices: IBDs shall operate their IB in a financially responsible and solvent manner. Toptime reserves the right to offset payouts for amounts an IBD owes to Toptime. If an IBD or any member partner in his or her IB files a petition for bankruptcy or has bankruptcy proceedings commenced against him or her, or has any assets seized by court order or taken in execution of an unsatisfied judgment debt, the IBD must immediately inform Toptime.

4.21. Fund-raising: No IBD shall use Toptime products or services in conjunction with any type of fund-raising activity. Fund-raising includes the solicitation for the donation of funds or for the purchase of Toptime products or services based on the representation that all, or some, of the gains, proceeds, donations, bonuses, or profits generated by such sale will benefit a particular group, organization, or cause.

4.22. IBD Plan Manipulation: IBDs shall not manipulate the Plan, point value (PV) or business volume (BV), in any way which results in the payment of bonuses or other awards and recognition that have not been earned in accordance with the terms of the IBD Contract.

4.23. Personal/Business Information Update: All IBDs are responsible for communicating any updates or changes to their personal information (e.g., name, address, email address and telephone numbers, etc.) or business information (e.g., business name, address, email address, telephone numbers, addition/deletion of partner, change of business status, etc.) to Toptime. Updates related to joining any other Direct Marketing company by IBD and its' spouse and children shall be updated in personal information updates.

4.24. Toptime Contact: When the Rules require an IBD to contact Toptime for notice, permission or approval, the IBD shall contact the Toptime Business Conduct and Rules Department by mail at [support@toptimenet.com](mailto:support@toptimenet.com); for questions or concerns please call customer care # 022 68191111

## **5. Presentation of the Plan, Sponsoring and Support**

5.1. Inviting: When inviting a Prospect to hear a presentation of the Plan, an IBD must make it clear that what is being described or offered is the "Toptime Business Plan" as updated in website [www.toptimenet.com](http://www.toptimenet.com).

5.2. Describing the Plan: When describing the Plan: (a) an IBD's statements must be truthful, accurate and not misleading; (b) the roles of a balanced business (retail sales, personal use and sponsoring) must be accurately described; and (c) all income representations must be limited to income from the Plan, based on Toptime-authorized materials, and provide realistic income potential.

5.3. Required Disclosures: In seeking participation of a Prospect in the Plan, an IBD:

5.3.1. Must give each Prospect a copy of a brochure authorized by Toptime for use with Prospects that contains the average profits, earnings, and sales figures and percentages as published by Toptime, and orally inform the Prospect that the brochure contains the average profits, earnings, and sales figures and percentages as published by Toptime.

5.3.2. Must use only Toptime-authorized materials or Business Support Tools authorized for use with Prospects under Rule 7 (Business Support Tools).

5.4. Prohibited Sponsoring Practices: In seeking participation of a Prospect in the Plan, an IBD:

5.4.1. Must not cite lifestyle examples, e.g., travel, automobile, homes of successful IBDs, and contributions to charitable causes, unless such benefits were actually accrued as the result of building a successful IB.

5.4.2. Must not say or imply that a successful IB can be built in the form of a wholesale buying club.

5.4.3. Must not say or imply that there is no requirement for the retail sale or marketing of products by IBDs.

5.4.4. Must not promote potential tax benefits of the Plan.

5.4.5. Must not encourage or require a Prospect to purchase anything not included with the Business Services and Support fee specified in the IBD Registration Agreement and must not encourage the purchase of a product or service not identified on the IBD Registration Agreement. The only requirements which an IBD can impose upon a Prospect whom he or she is willing to register is that the Prospect shall pay the Business Services and Support fee and sign a completed IBD Registration Agreement and submit it to Toptime.

5.4.6. Must not register or sponsor new IBDs in a way that manipulates the new IBD's position in the TOS.

5.5. Sponsor's Responsibilities: A sponsor must comply with the following obligations:

5.5.1. Rules Compliance: The sponsor must be an IBD in full compliance with the Rules of Conduct.

5.5.2. Access to the IBD Contract: The sponsor must ensure that all IBDs whom he or she sponsors have access to and the opportunity to read the IBD Contract.

5.5.3. Training and Motivation: The sponsor must be able to train and motivate the IBDs whom he or she has sponsored with a minimum of assistance from his or her first upline Leader or above. IBDs may fulfil this obligation by use of Business Support Tools approved under Rule 7.

5.6. Leader' Responsibilities: IBDs who qualify as a Leader or above have the following additional responsibilities:

5.6.1. Conduct or provide access to periodic sales meetings for the purpose of training and inspiring IBDs downline to the next qualified Leader and maintain frequent contact with all of them.

5.6.2. Assure compliance with the Rules of Conduct by IBDs downline to the next qualified Leader.

5.7. Managers' Responsibilities: IBDs who qualify as a Manager and above, and starts getting various funds from company or above have the following additional responsibilities:

5.7.1. Manager and above IBDs agree not to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Toptime.

5.7.2. Manager and above IBDs shall provide all the support to their leaders and downline for business development and training.

5.7.3. Manager and above IBDs shall provide all the support to their leaders and downline for business appropriate information and schemes as updated by company time to time.

5.7.4. Manager and above IBDs shall provide regular visit, business promotion activity support and BST related information to their leaders and downline.

5.8. Prohibited Support Practices: Sponsors and upline IBDs shall not encourage or require downline IBDs, as a condition of receiving assistance in building their IB after registration, to purchase any specified amount of Toptime or non-Toptime products or services. Must not get involved into unprofessional activities including but not limited to discouraging the other IBDs, enticing IBDs to reject his/her upline etc...

## **6. Preservation of the Tree of Sponsorship**

6.1. Confidentiality of the TOS: Toptime protects the TOS and TOS Information for the benefit of Toptime and of all IBDs. Toptime keeps TOS Information proprietary and confidential and treats it as a trade secret. Toptime is the exclusive owner of all TOS Information, which is derived, compiled, configured, and maintained through the expenditure of considerable time, effort, and resources by Toptime and its IBDs. IBDs can use Toptime's goodwill and TOS Information only for the purposes permitted under the IBD Contract.

6.1.1. IBDs acknowledge, and agree not to challenge, that: (i) TOS Information is confidential and a valuable trade secret owned by Toptime; (ii) TOS Information is owned exclusively by Toptime; and (iii) IBDs do not own any rights in TOS Information. IBDs agree not to challenge or interfere with Toptime's authority to license or sublicense TOS Information. IBDs shall not assert or seek any rights or protection of any kind in TOS Information other than those limited rights or protections that may be specifically granted by this Rule.

6.1.3. All IBDs shall maintain TOS Information in strictest confidence, and shall take all reasonable steps and appropriate measures to safeguard TOS Information and maintain the confidentiality thereof. An IBD shall not compile, organize, access, create lists of, or otherwise use or disclose TOS Information except as authorized by Toptime. An IBD also shall not disclose TOS Information to any third party, or use TOS Information in connection with any other businesses or to compete, directly or indirectly, with the Toptime business.

6.1.4. An IBD shall promptly return any and all TOS Information to Toptime upon non-renewal, or termination of his or her IB and shall immediately discontinue any further use thereof.

6.1.5. Every IBD acknowledges that use or disclosure of TOS Information, other than as authorized by Toptime, will cause significant and irreparable harm to Toptime, warranting an award of injunctive relief, including a temporary restraining order and/or a preliminary injunction, specific performance, and damages including costs, attorneys' fees, and disgorgement of all profits made as a result of such unauthorized use or disclosure.

6.1.6. An IBD's obligations under this Rule 6.1 shall survive and remain enforceable following the voluntary or involuntary non-renewal, or termination of that IBD's IB.

## 6.2. Non-Competition and Non-Solicitation:

6.2.1. Non-Competition (current IBDs): Manager and above IBD agrees not to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in directly or indirectly through their spouse and children (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Toptime.

6.2.2. Non-Solicitation (current IBDs): Manager and above IBD agrees that he or she will not, on his or her own behalf or on behalf of any person or entity, directly or indirectly, encourage, solicit, or otherwise attempt to recruit or persuade (i) any IBD or (ii) any person who has been an IBD within the past two calendar years, to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Toptime.

6.2.3. Non-Competition (former IBDs): Manager and above IBD agrees that, during the six-month period following the, non-renewal, or termination of that IBD's IB, he or she shall not own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Toptime.

6.2.4. Non-Solicitation (former IBDs): Manager and above IBD agrees that, during the twelve month period following the non-renewal, or termination of that IBD's IB, he or she shall not, on his or her own behalf or on behalf of any person or entity, directly or indirectly, encourage, solicit, or otherwise attempt to recruit or persuade (i) any IBD or (ii) any person who has been an IBD within the past two calendar years, to own, manage, operate, consult for, serve in a Key Position in, or participate as an independent distributor in (a) any other direct sales program using a multilevel or network marketing structure, or (b) any other enterprise that markets, through independent distributors, products or services functionally interchangeable with those offered through or by Toptime.

6.2.5. The time periods in Rules 6.2.3 and 6.2.4 above shall be extended by any period of time during which the former IBD is in violation of the applicable Rule.

6.2.6. The geographic scope of Rules 6.2.1, 6.2.2, 6.2.3 and 6.2.4 is the Region, India and Union Territories.

6.2.7. All IBDs agree that these Rules are reasonable in both time and geographic scope.

6.2.8. For purposes of this Rule 6.2, "Key Position" means an owner, employee, agent, or independent contractor who contributes to the profitability of his or her new business or who is in a position to receive benefit or competitive advantage from his or her new business by virtue of his or her access to TOS Information.

6.2.9. Nothing in this Rule 6.2 restricts the sale or distribution of privately developed Business Support Tools in accordance with Rule 7 and Rule 6.3.

6.2.10. Nothing in this Rule 6.2 restricts competition between IBDs (a) in the sale of products or services offered through or by Toptime to Customers or (b) in the registration of new IBDs or Customers.

6.2.11. Every IBD acknowledges that this Rule 6.2 protects the reasonable competitive business interests of Toptime and IBDs, and that a violation of any subsection of this Rule 6.2 will cause significant and irreparable harm to IBDs and Toptime, warranting an award of injunctive relief, including a temporary restraining order and/or a preliminary injunction, specific performance, and damages including costs, attorneys' fees, and disgorgement of all profits made as a result of such violation.

6.2.12. Except for obligations under Rule 6.2.1 and Rule 6.2.2, an IBD's obligations under this Rule 6.2 shall survive and remain enforceable following the voluntary or involuntary non-renewal, or termination of that IBD's IB.

6.3. Other Business Activities: Except as provided in Rule 6.2, IBDs may engage in other business ventures, including other selling activities, involving products, services, or business opportunities. However, IBDs may not take advantage of their knowledge of or association with other IBDs whom they did not personally register, including their knowledge resulting from or relating to Tree of Sponsorship Information, in order to promote and expand such other business ventures.

6.3.1. Every IBD agrees not to solicit, directly or indirectly, other IBDs whom he or she did not personally sponsor in order to sell, offer to sell, or promote other products, services, business opportunities, investments, securities, or loans not offered through or by Toptime. Every IBD agrees not to sell, offer to sell, or promote any other business opportunities, products, or services in connection with the Plan. Nothing in this Rule 6.3 restricts the sale or distribution of Business Support Tools in accordance with Rule 7.

6.3.2. Nothing in this Rule 6.3 restricts, for example, an IBD regularly engaged in the operation of a service station, auto dealership, retail establishment, salon, or a professional service (e.g., law, medicine, dentistry, or accounting) from serving customers who are IBDs and who have sought them out. But an IBD shall not actively solicit the patronage of other IBDs based on knowledge or information gained as a result of being an IBD.

6.4. Approval of Certain IBD Contract Changes: The sale of an ownership interest in an IB, transferring an IB, merging IBs, separating or dividing an IB, or assignment of any rights or obligations under an IBD Contract require express approval of Toptime in writing. None of the foregoing may be used to manipulate the Tree of Sponsorship.

6.5. Transfers with or without downline: These transfers involve the transfer of an IBD without any downline IBDs and transfer of an IBD with downline IBDs. Any IBD who wants to change his or her sponsor must submit a written request to Toptime accompanied by (1) a written release signed by all the IBDs upline in the Tree of Sponsorship up to and including the first qualified Leader, (2) a written acceptance from the new IBD sponsor and new upline Leader, and (3) a statement indicating the business reason for the transfer request. Upon Toptime's express approval in writing of the request, the written acceptance from the new sponsor and upline Leader confirms that they will incur all responsibilities of the transferring IBD.

6.6. Three-Month Inactivity: An IBD who has been inactive or not maintained his personal purchase value for three months will be deactivated. However, Toptime reserves right to accept his request and allow the IBD to continue working, however; if any ID remains inactive or not maintained his personal purchase value for 6 months shall be deactivated by default.

Similarly, an IBD who wishes to transfer to a different sponsor but is unable to obtain the necessary consents may not register under a new sponsor until the IBD has terminated his or her IBD Contract or failed to renew and has been inactive for a period of 3 months or longer. Following the lapse of the inactive period, the former IBD may register as a new IBD under a new sponsor.

6.6.1. During the period of inactivity, a person shall not conduct any of the activities of an IBD under his or her name, or in the name of another person or IB.

6.6.2. The following shall not interrupt the running of the six-month inactivity period: (a) procuring and/or submitting a written request for transfer; (b) filing an application for an informal or formal conciliation; (c) operating an Toptime-affiliated business in any other country in which an Toptime affiliate conducts business; (d) directing an inquiry to Toptime as to the status of his or her IB; or (e) purchasing Toptime products or services as a Customer.

6.7. Disposition of an IB: If an IBD fails to renew, terminates his or her IB, dies without transferring the IB, or is terminated by Toptime, Toptime shall decide the future of the IB in accordance with these Rules.

## **7. Business Support Tools**

Business Support Tools (or “BST”) as used in these Rules means all products and services (including but not limited to business aids, books, magazines, flip charts, and other printed material, online literature, internet websites, advertising, audio, video or digital media, rallies, meetings, and educational seminars, and other types of materials and services) that are (i) designed to solicit and/or educate Prospects, Customers, or prospective Customers of Toptime products or services, or to support, train, motivate, and/or educate IBDs, or (ii) incorporate or Use one or more of the Marks or Copyrighted Works of Toptime, or (iii) are otherwise offered with an explicit or implied sense of affiliation, connection, or association with Toptime. Unless otherwise specified in writing, IBDs acknowledge that nothing in this Rule, or in any other Rule, shall be construed or interpreted as a license or other permission to incorporate any TOS Information into any BST.

### **7.1. General Rules on BST**

IBDs may sell BST only in accordance with Rule 7.1 and 7.2. BST created, used, promoted, distributed, or offered for sale by or to IBDs must: (a) comply with all Quality Assurance Standards and any applicable Rules of Conduct relating to their use, promotion, and sale; (b) be submitted to Toptime for review prior to use, promotion, distribution or sale; (c) be authorized by Toptime; and (d) if required for the category of BST, bear the authorization number provided by Toptime. Except as explicitly provided in the Quality Assurance Standards, BST may not be offered for sale to Prospects. A copy of the currently applicable Quality Assurance Standards is available from Toptime upon request by IBDs eligible to sell or promote BST.

## **8. Marks and Copyrighted Works**

Toptime’s Marks and Copyrighted Works are important and valuable business assets of Toptime. The Marks help identify the source and reputation of Toptime’s products and services worldwide and distinguish them from those of competitors. Toptime makes commercially reasonable efforts to protect the Marks from improper use, including through

the Rules of Conduct, accreditation of Approved Providers, and a corporate identity program that requires the correct and consistent use of the Marks, both in appearance and substance.

8.1. Use of Marks and Copyrighted Works: An IBD may Use Toptime's Marks and Copyrighted Works only with Toptime's prior written permission, which may be expressed through general publication (to all IBDs) or through a specific writing to one or more IBDs. Without limitation, Toptime may require conformity with specifications, may require that materials that Use Toptime's Marks and/or Copyrighted Works be sourced from Toptime or a Toptime-approved supplier, and May otherwise condition Use of its Marks and Copyrighted Works. Any permission granted by Toptime shall constitute a limited, non-exclusive, non-transferable and revocable license to Use such Marks and Copyrighted Works solely in connection with the Toptime business in the Region. Subject to conditions and specifications published or specifically provided in writing from time to time, the Marks and Copyrighted Works may be used only on: (a) exterior and interior office signs; (b) all forms of vehicle signs; (c) telephone listings; (d) promotional literature; (e) stationary; (f) premiums; and (g) business cards. Other proposed Uses will be considered upon request. Without limitation, Toptime will not authorize an IBD to use the Marks on imprinted checks.

## **9. Complying With the IBD Contract (Remedies for Breach)**

Complying with the IBD Contract is essential for preserving a strong and viable business for IBDs and Toptime. IBDs and Toptime each have rights and responsibilities in case of a breach of the IBD Contract.

9.1. Toptime's Rights and Responsibilities: When Toptime detects a potential breach of the IBD Contract, or an IBD is working in the conflict of interest of the company, an IBD is defaming the company, if IBD is discouraging business associates to discontinue working with company; it will first investigate as appropriate. Before taking enforcement action, Toptime shall attempt to contact the IBD in an effort to resolve the issue. If the communication does not resolve the issue, Toptime may take any enforcement action authorized by the IBD Contract including, but not limited to, one or any combination of the following:

- 9.1.1. A written warning to an IBD, and/or upline or downline IBDs in the Tree of Sponsorship.
- 9.1.2. Retraining an IBD, and/or upline or downline IBDs in the Tree of Sponsorship.
- 9.1.3. Suspending some or all of the rights of an IBD for a specified period of time, or until certain conditions have been satisfied.
- 9.1.4. Withdrawing or denying an award, trip, pin recognition or other income.
- 9.1.5. Withholding any monthly or annual bonus or income payments.
- 9.1.6. Compensatory remedies, as applicable.
- 9.1.7. Transferring an IBD or a group of IBDs.
- 9.1.8. Terminating an IBD Contract.

If an IBD elects to challenge any action taken by Toptime under this Rule, the IBD shall submit the issue to the Dispute Resolution Procedures described in Rule 11.

9.2. IBD Rights and Responsibilities: If an IBD believes that another IBD has breached the IBD Contract, the IBD first should contact the IBD in question in an effort to resolve the issue. If an IBD believes that Toptime has breached the IBD Contract, the IBD first shall contact Toptime in an effort to resolve the issue. If discussion with either an IBD or Toptime does not

resolve the issue, the IBD may file a written complaint with Toptime. The complaint should explain the issue in as much detail as possible, and include all supporting documents. Toptime will investigate as appropriate, and take enforcement or corrective action under the IBD Contract, if necessary. If any issue remains unresolved, it shall be submitted to the Dispute Resolution Procedures described in Rule 11.

9.2.1. An IBD who elects to challenge the validity of a Rule or other term of the IBD Contract shall first contact Toptime in an effort to resolve the issue. If the IBD is not satisfied with Toptime's response, the dispute shall be resolved in Arbitration under Rule 11.

9.3. Duty To Cooperate: All IBDs are required to respond to inquiries and otherwise cooperate in a timely fashion with any investigation conducted by Toptime. Failure to respond to inquiries or to otherwise cooperate in a timely fashion is a breach of the IBD Contract and may result in Toptime taking action against the IB.

9.4. Non-Waiver. The failure of Toptime or any IBD to enforce any breach of any provision of the IBD Contract shall not constitute a waiver of any prior, concurrent, or subsequent breach of the same or any other provision of the IBD Contract.

## **10. Modification of the IBD Contract**

Toptime may modify the IBD Contract in accordance with the following procedures.

10.1. Toptime will notify IBDs of the proposed changes subject to Rule 10 by making them available to review by logging on to [www.toptimenet.com](http://www.toptimenet.com).

10.2. Prior to the effective date of any proposed Rule change, any IBD who is unwilling to accept a Rule change can, if he or she wishes, provide notice of his/her intent to termination of contract from the Toptime business .

## **11. Dispute Resolution Procedures**

The parties shall endeavour to settle any dispute or difference arising out of or in connection with the IBD Contract through mutual discussions within 30 days of such dispute arising. The IBD agrees that in the event it is not satisfied by any decision of Toptime , or in the event that any issue raised by the IBD has remained unresolved for a period of more than two months, and / or during the subsistence of this agreement or upon or after its termination, any issue or dispute that the IBD may have regarding the interpretation or operation of the clauses of this arrangement or any issues arising there from shall be referred to Grievance Redressal Committee set up by the company. Any dispute, difference or claim remaining unresolved post reference to the Grievance Redressal committee discussions shall be submitted to binding arbitration under the provisions of the Indian Arbitration and Conciliation Act, 1996. The venue of such arbitration shall be at Mumbai and the award of the Arbitrator shall be final and binding on all Parties. Subject to the above, courts at Mumbai shall alone have jurisdiction in relation to the IBD Contract and matters connected here to.