

Criteria for selecting distributors of prepaid products to be used by Lycamobile

In order to conclude distribution contracts for prepaid products before using, Lycamobile will apply the following criteria and conditions for identifying and agreeing distributors. Lycamobile suggests, without imposing in any way to its distributors to use a procedure similar to that one as below to determine their contractual partners Lycamobile will apply the selection criteria mentioned below, in a non discriminatory and transparent manner, in relation to any candidate expressing explicitly the interest in concluding a distribution contract with Lycamobile of products and services with payment prior to their use.

Each distributor is free to establish its own procedures and selection criteria, in strict compliance with all competition rules and guiding principles of this procedure, in accordance with the Lycamobile opposable disposals and its distributors and approved by the Competition Council by the Decision on 6 June 24 2012. Lycamobile does not require the same criteria for the selection of the sub-distributors of its distributors subdistributorilor.

The intermediary phase of the preselection

Candidates Identifying

Lycamobile has the discretionary right to decide its business strategy (in the sense of developing in a certain period or on a certain area, etc.) the preselection being done either at the request of the candidates who wish to become Lycamobile Distributors, or at Lycamobile initiative or by requests submitted to those distributors who are considered at the time having a significant potential for Lycamobile distribution network through which they will request the information provided below.

When the initiation of negotiations is done by the Candidate, this one will formulate a written request to be presented in the form of a letter of intent which will include at least the followings:

The Intention of becoming Lycamobile Distributor

An overview including a certificate of good standing issued by the National Office of the Commerce Registry -NOCR

The declarative presentation of the number of the selling points recouped on own number of selling points and the sell points to which it has access without owning them.

Contact details

Principles

2.1 Candidates who comply both criteria categories (the general and specific ones) suggested below, may conclude distribution agreements with Lycamobile with the purpose of the wholesale or retail trade of the products paid before being used..

2.2 General and specific criteria are not only criteria of being included in the network but also criteria of keeping them within this one.

In case the distributor doesn't comply with one or more of these criteria and does not remedy such

a failure within a period specified by Lycamobile in this way, will be excluded from the network with a prior notice period provided in the distribution contract for the cancellation situations (or 30 calendar days). Lycamobile will not have a discretionary right to exclude a distributor from its network without prior or imminent breach of any contractual or legal provision.

2.3 Loss of the distributor quality will intervene: at the distributor request, at the contract expiration, in case of infringement by this one of one or more general or specific criteria or non fulfillment of those obligations whose non-respect usually leads to the termination of a distribution contract (eg non-complying of outstanding payments, other contractual violations that lead under the law or the agreement to the contract cancellation).

2.4 There are to be considered, but not limited, the following aspects:

The candidate and / or his representative have a poor reputation in terms of integrity or have been the subject of an investigation about their behavior in terms of ethical standards being investigated for corruption offenses, fraud or unethical practices;

- the candidate's enterprise has a non-transparent corporate structure (eg. A trust about which there is no information on the legal or economic status).

General criteria - effective preselective phase

The following criteria have to be cumulatively met by any candidate for getting the quality as distributor of products paid prior to using the Lycamobile brand.

Legal capacity

The Interested candidate should have the legal capacity of using, generally of exercising, but also of initiating negotiations and signing a distribution contract with Lycamobile. In addition, its scope should cover the activities required to the distribution of mobile products and services. The candidate must also have all necessary permits or licenses for signing.

Financial solvency

3.1.2 Equity, profit and turnover

The candidate's equity must be and remain positive and no less than the equivalent in lei of the amount of 25 000 euro, at any time during the contract performance, not only to the selection and its average monthly turnover for the previous year must be at least equal to the established line of credit. From the previous year's balance sheet it must result that the taxable year was completed by making profit, that it is able to cover all liabilities by current assets.

This criterion can be temporarily adjusted by Lycamobile in case the market conditions lead to

objective difficulties in meeting these limits for the existing distributors.

3.1.3 Obligations to budgets and public funds

The candidate shall have no obligations to the arrears obligations to the budget and public funds as required by laws in force. The candidate will submit the necessary evidence as tax certificates and records.

3.1.3 Bank creditworthiness letter

The company must prove their creditworthiness by submitting a letter issued by a reputable bank in Romania, approved by Lycamobile. In case of a company start-up, the condition could be satisfied by a letter of comfort from a reputable bank in Romania, approved by Lycamobile or a letter of guarantee from the company's shareholders, as Lycamobile may consider.

3.1.4 The candidate must not appear in the Central Bank Risk records and have had no recorded bank incidents yet uncanceled in court.

3.1.5 The people who controls the candidate mustn't have been registered any past actions in their criminal record, have been involved in companies or entities who passed through insolvency, bankruptcy, have been accused or convicted of tax evasion, fraud or other economic crimes. In this regard, the candidate will present tax registration certificates, tax offence records and criminal record certificates for the people assigned for its control. This condition is mandatory for the candidates companies constituted in less than one previous fiscal year and optional for the applicants submitting a letter of bank guarantee or other security accepted by Lycamobile for the equivalent of the three times the amount established as credit limit.

3.2 Age distribution in the activity of telecommunications products and services paid previously of their use

The candidate must have worked at least 1 year in carrying out distribution in Romania on telecom or distribution of goods from the mentioned category.

3.3 Turnover achieved with Lycamobile

The candidate must be able to achieve a turnover with Lycamobile in its equivalence of at least 100.000 EUR a year.

All candidates who wish to become Lycamobile distributors shall submit a statutory statement specifying the reasons for considering that this condition will be satisfied at the end of the year and the available resources supporting the achievement of the planning related to the turnover.

For existing dealers or distributors, the not achieving of the threshold turnover with Lycamobile for the previous year can attract the termination of distribution, if such failure is not remedied satisfactorily for Lycamobile. This criterion can be adjusted temporarily by Lycamobile if market conditions lead to objective difficulties in meeting these limits for existing distributors.

Some of the above criteria are not applicable to newly created companies candidates in less than one

financial year.

3.4 A direct collaboration is not eligible with a distributor that does not comply with the ethical principles or records conflicts of interest related to Lycamobile (associates / shareholders or legal representatives of the candidate and relatives and in-laws of 1 or 2 degrees of them holding key positions in the relevant departments within Lycamobile). The candidate shall submit a statutory statement in this way.

3.5 Other universal requirements: the candidate must not be in enforcement proceedings, bankruptcy, reorganization, dissolution, operational closure, liquidation or other similar situations governed by law and has no knowledge of the imminence of such situations. The candidate shall submit an affidavit or statutory statement to that effect.

4. Particular Criteria

Sales force and territorial coverage

4.1.1 The distributor wishing to trade market products and services of Lycamobile must have a professionally trained sales force and numerically appropriate related to the covered network of selling points, to serve a minimum of 500 sell points located balanced and diversified, hence at least 10% in rural areas.

4.1.2 The candidate must have an own trained sales team of minimum 10 employees.

The candidate shall submit a statutory statement and, on that basis, will be relatively presumed that it meets the condition. In this statement, the distributor will also include an own assessment as to whether the territorial coverage that is proposed in the collaboration with Lycamobile is balanced and diversified related to the geographical territory of Romania. However, if the dealer/distributor violates the general criteria, it will be presumed that this particular condition relating to the sales force and coverage has been violated.

The distributor will inform Lycamobile in the course of the distribution relationship if any changes occur in the existing situation which would make incomplete or inaccurate this statement.

This criterion regarding the minimum number of sell points can be adjusted temporarily by Lycamobile in case the market conditions lead to objective difficulties in meeting these limits for the existing distributors.

Logistics capabilities

The distributor must be legally able to operate logistically the distribution activity.

Thus, he must be able to hold and use a distribution management system with which to be able to manage the stock of goods, the field visits of the sales force, of the due and uncollected bills, etc.

The distributor will submit a statutory statement and, on that basis, will be relatively presumed that it meets the condition . However, if the distributor infringes the general criteria, it will be presumed that this particular condition relating to logistics capabilities has been violated.

The distributor will inform Lycamobile in the course of the distribution relationship if changes occur in the existing situation which would make incomplete or inaccurate this statement.

5. Capacity of communicating the prepaid products

The distributor must be able to provide the transmission and communication materials placement of the Lycamobile prepaid products (posters, other promotional communication materials), including those related to the range of products offered by Lycamobile from time to time and the available promotional offers in that range and if the promotions of new products promotions, to transmit these promotions to all serviced sale points.

The distributor will have to ensure the achievement of communication of all prepaid products offered by Lycamobile, from time to time, in at least 60% of the covered selling points. The distributor shall submit an affidavit or a statutory statement and, on that basis, it will be relatively presumed that it fulfills the requirement for communicating the prepaid products. However, Lycamobile will perform random checks by its representatives, and if it is identified a violation of this condition, the distributor will be presumed as violating this particular condition, following to be granted a period of correcting the situation.

Also, if the distributor infringes the general criteria, it will be presumed that violates this particular condition related to the communication of the prepaid products.

The distributor will inform Lycamobile in the course of the distribution relationship if changes occur in the existing situation which would make incomplete or inaccurate this statement.

6. Criteria for the retail networks

Lycamobile will accept concluding of contracts for distribution directly to companies operating or controlling networks of retail stores (eg petrol stations, network media, specialized telecom networks or IT & C) having a minimum of 40 sell points, having logistical capabilities and capabilities of communicating the prepaid products (the other conditions remain valid) and availability of collaboration with Lycamobile in achieving promotional activities in the implementation of co-participation.

The retail distributor network will file an affidavit or a statutory statement and, on that basis, will be relatively presumed to meet that condition. However, Lycamobile will perform random checks by its representatives, and if it is identified a violation of this condition, the distribution retailer will be

presumed as violating this particular condition.

The retail distributor network will inform Lycamobile in the course of the distribution relationship if changes occur in the existing situation which would make incomplete or inaccurate this statement.

7. Criteria for a modern type distribution

It is considered a modern type distribution any way of distribution of physical or electronic prepaid products, which are distinguished from the traditional sales methods (eg vending machines, ATM, online sales, Internet Banking, Mobile Top-Up, International Recharge).

Aiming at marketing prepaid products in these forms, Lycamobile will accept concluding of distribution contracts directly with companies operating or controlling distribution networks of modern trade type and which meet the following criteria: (a) must prove the possession of reliable technical capabilities and direct integration recharge, (b) must commit to the compliance with the norms of the system security of Lycamobile and (c) must demonstrate the ability to invest in promoting the commercialization of products through this new marketing channel (15.000 EUR / year) .

The company that operates or controls the distribution system of modern trade type and distribution planning a contract conclusion with Lycamobile will file an affidavit or a statutory statement for fulfilling the conditions (a) and (b), together with a description of these systems and deposit the usual proof of the availability of funds for investments. Lycamobile will allow an initial audit, verifying the technical capabilities and safety standards and, in the course of the collaboration, it will conduct random checks on these requirements.

The company that operates or controls the distribution system of modern trade type will inform Lycamobile if in the course of the distribution relationship occur changes in the existing situation which would make incomplete or inaccurate this statement

8. The specific situation of a candidate directly or indirectly found under the control of a competitor of Lycamobile

If an applicant is under the direct or indirect control notion (as defined in the competition law concept of control) of a competitor of Lycamobile on the market of the products and services paid prior to their using, Lycamobile has the legitimate interest of protecting that information of a confidential nature and business secrets against the risk that they become accessible to its competitors as a result of execution of the contract for the distribution of prepaid products and services.

In this context, Lycamobile will require the candidate, in addition to the qualifying and scoring criteria

mentioned above, that this one will support the establishment of a mechanism for protecting the confidential information and business secrets belonging to Lycamobile as follows: information prior to reselling

By virtue of a distributor of Lycamobile products and services, a partner has access to certain confidential information and business secrets long prior to their launching on the market. Such information aim at Lycamobile distribution strategy (such as no limitation discounts / commissions / promotion actions/ contests / bonuses with target / practiced business strategies etc.) and commercial offers addressed to the final customer (prices and rates, number of minutes promotionally offered, functioning of the mechanisms of these offers, rules for the allocation of minutes etc). To avoid giving an unfair competitive advantage to the mobile operator that controls, directly or indirectly, the concerned candidate, the latter will receive the entire duration of the contract access to such information no later than 24 hours before they are launched on the market.

Post-sale information.

The data in the computer system accessible for the Lycamobile distributors include information on Lycamobile topping-up products sales (electronic or scratch cards). Depending on the used solution, each distributor has access to a sales management application (customers, credit limits, sales, etc.), or to the solution provider, either from its own solution. By providing access to the network operator, the distributor that can observe in real time all transactions made on its network, in other words, it can access data on final sales of sales points to the final users, such as:

sales by type of product / reload values from Lycamobile at the level of each sale point, salesman, sub-distributor, city, regional and / or national level;

the proportion of each Lycamobile product (reloaded values) in the total recharges Lycamobile in each point of sale, city, regional, national one;

-the evolution of sales and the immediate reaction of the market when launching new commercial offers or special promotions (such as, no limitation: a new option with minutes / credit, a new mechanism of consumption of minutes, loyalty promotions and others);

- the rate at each point of sale, at every moment of the sales among all telecom operators in each point of sale, city, regional and / or at national level.

To the distributor directly or indirectly controlled by a competitor Lycamobile will not be granted direct access to the computer system that stores such confidential information or trade secrets. Thus, in this case the parties to a distribution contract will mandate a third party as independent distributor and the group to which it belongs (such as the solution provider if the distributor does not use an own solution) having access to the computer system and distributor and communicating with the required frequency, not in real time, but delayed, the information strictly necessary to the distributor in order to issue invoices to the points of sale. This information will strictly cover the sales value of a point of sale in a given period agreed, without indicating the individual types of sold

products or services, their denominations or real time evolution of these sales)

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