

II Weighting of member profits

II.I The Member can generate revenue for the Cooperative in the form of facilitation fees collected by the Cooperative as per Article 8 of the Member Agreement. There are three ways revenue is allocated to a Member for the weighting formula below:

- Direct Realised Revenue, DRR_{member} – Facilitation Fees generated by the Member for the Cooperative.
- Indirect Realised Revenue, IRR_{member} – Facilitation Fees generated by other Members whom the Member introduced.
- Introduced Client Revenue, ICR_{member} – Facilitation Fees generated by other Members assigned to a Client the Member introduced.

II.II As such the weighting fraction of the member f_{member} is defined as follows:

$$f_{member} = \frac{[1] * DRR_{member} + [1] * IRR_{member} + [1] * ICR_{member}}{[1] * DRR_{total} + [1] * IRR_{total} + [1] * ICR_{total}}$$

In addition to the profit entitlement of B and C members, all members will be distributed a profit weighted by above as follows:

$$p_{member} = f_{member} \cdot 70\% \cdot p_{total}$$

Where p_{member} is the profit due to the member, and p_{total} is the total declared profit.

The resulting profit due to Members B, C and D will be as follows:

B Members:

$$p_{B\ member} = 20\% \cdot p_{total} + f_{member} \cdot 70\% \cdot p_{total}$$

C Members:

$$p_{C\ member} = 10\% \cdot p_{total} + f_{member} \cdot 70\% \cdot p_{total}$$

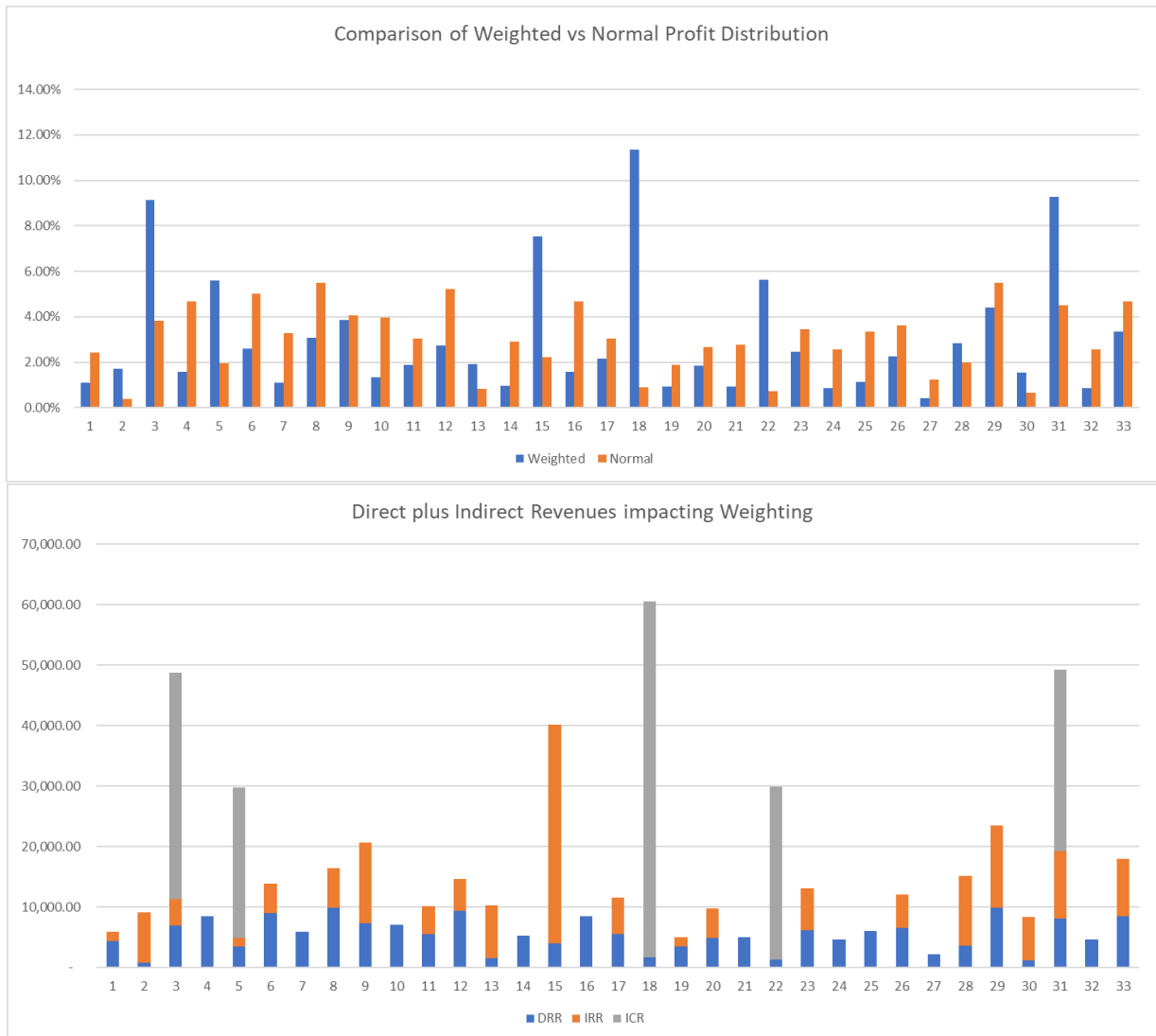
D Members:

$$p_{B\ member} = f_{member} \cdot 70\% \cdot p_{total}$$

Example (for illustration purposes only, any contradiction to this Regulation will be superseded by the language in the Regulation):

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Here one can see that member 18 has gained significant weighting, from having a weighting fraction of less than 1% to more than 11%. This is because he or she in fact introduced a Client which realised 1/3 of the Cooperative's Revenue. One could adjust the parameters in the weighting equation established in article II of this Regulation. However, for now it has been agreed to apply basic weighting parameters of [1] for all weightings on direct realised revenue, indirect realised revenue (introduced Members) and introduced client revenue (introduced Clients).

Similarly, member 31 has also introduced a significant client and two other members.

And member 3 introduced significant clients and another member.

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But member 15 for instance more than tripled their weighting by simply introducing not just one, but four active members.

Below is the actual randomized data.

Member	Intro by	Client	Intro by	DRR	IRR	ICR	Total	Weighted	Normal
1	3	B	3	4,400.00	1,500.00	-	5,900.00	1.11%	2.44%
2	13	E	5	700.00	8,400.00	-	9,100.00	1.71%	0.39%
3	23	D	18	6,900.00	4,400.00	37,400.00	48,700.00	9.14%	3.83%
4	2	C	31	8,400.00	-	-	8,400.00	1.58%	4.67%
5	9	D	18	3,500.00	1,300.00	25,000.00	29,800.00	5.59%	1.94%
6	29	D	18	9,000.00	4,800.00	-	13,800.00	2.59%	5.00%
7	28	D	18	5,900.00	-	-	5,900.00	1.11%	3.28%
8	31	B	3	9,900.00	6,500.00	-	16,400.00	3.08%	5.50%
9	0	D	18	7,300.00	13,300.00	-	20,600.00	3.87%	4.06%
10	30	A	22	7,100.00	-	-	7,100.00	1.33%	3.94%
11	33	D	18	5,500.00	4,600.00	-	10,100.00	1.90%	3.06%
12	15	A	22	9,400.00	5,200.00	-	14,600.00	2.74%	5.22%
13	1	D	18	1,500.00	8,800.00	-	10,300.00	1.93%	0.83%
14	12	D	18	5,200.00	-	-	5,200.00	0.98%	2.89%
15	33	C	31	4,000.00	36,100.00	-	40,100.00	7.53%	2.22%
16	15	B	3	8,400.00	-	-	8,400.00	1.58%	4.67%
17	26	C	31	5,500.00	6,000.00	-	11,500.00	2.16%	3.06%
18	19	B	3	1,600.00	-	58,900.00	60,500.00	11.36%	0.89%
19	28	B	3	3,400.00	1,600.00	-	5,000.00	0.94%	1.89%
20	6	C	31	4,800.00	5,000.00	-	9,800.00	1.84%	2.67%
21	20	E	5	5,000.00	-	-	5,000.00	0.94%	2.78%
22	5	B	3	1,300.00	-	28,600.00	29,900.00	5.61%	0.72%
23	9	C	31	6,200.00	6,900.00	-	13,100.00	2.46%	3.44%
24	29	E	5	4,600.00	-	-	4,600.00	0.86%	2.56%
25	17	D	18	6,000.00	-	-	6,000.00	1.13%	3.33%
26	8	E	5	6,500.00	5,500.00	-	12,000.00	2.25%	3.61%
27	28	A	22	2,200.00	-	-	2,200.00	0.41%	1.22%
28	9	E	5	3,600.00	11,500.00	-	15,100.00	2.83%	2.00%
29	15	A	22	9,900.00	13,600.00	-	23,500.00	4.41%	5.50%
30	31	C	31	1,200.00	7,100.00	-	8,300.00	1.56%	0.67%
31	13	D	18	8,100.00	11,100.00	30,100.00	49,300.00	9.25%	4.50%
32	11	E	5	4,600.00	-	-	4,600.00	0.86%	2.56%
33	15	B	3	8,400.00	9,500.00	-	17,900.00	3.36%	4.67%

Total 180,000.00 172,700.00 180,000.00 532,700.00

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