THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

Frequently Asked Questions

What is The Receivables Exchange?

The Receivables Exchange is the world's first electronic marketplace for receivables finance. At The Receivables Exchange, businesses (Sellers) gain access to a global network of institutional investors (Receivables Buyers) ready to competitively bid to buy their receivables, allowing them to improve their working capital management to grow their businesses. Through the Exchange, investors gain access to more than 6 million thriving businesses in search of working capital finance.

What Can The Receivables Exchange do for my Business?

Accounts receivable are the most under-utilized asset on the balance sheet, with most businesses having 60% of their working capital tied up in outstanding receivables. The Receivables Exchange centralizes a marketplace of Receivables Buyers and Receivables Sellers, turning these underutilized assets into a new alternative financing source of working capital for growing small and mid-sized businesses. By leveraging the untapped value of their receivables, businesses can meet their payroll, hire more employees, buy more materials and manufacture more products. Additionally, businesses wishing to improve the efficiency of their working capital and expedite reinvestment in their operations can utilize the Exchange as a valuable financing tool.

Is The Receivables Exchange a factoring company?

No. The Exchange is a marketplace where growing businesses are able to leverage the value of their outstanding receivables and remain in complete control of the financing parameters and the transaction. The Receivables Buyers do not require a personal guarantee or all-asset liens on your balance sheet; no one notifies your customers of the sale; Sellers can post as few or as many receivables as they like; all communication flows through the Sellers. In addition to these efficiencies, Sellers can use the Exchange as seldom or as often as they like. The Exchange gives the Seller complete control and an unprecedented level of flexibility over their sale of receivables so that they are empowered to grow their business when and how they see fit. The Receivables Exchange helps Sellers to optimize their working capital management.

THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

Who is a Seller?

A business that has been approved by The Receivables Exchange to post receivables for sale to Receivables Buyers.

What are the eligibility requirements to become a Seller?

Sellers must meet the following criteria:

- At least 2 years of operational history
- Registered to do business in the U.S.
- A minimum of $2 million in sales on a trailing 12 month basis.

How do I become a Seller?

Businesses interested in becoming a Seller need to complete the online Seller Application which includes the submission of relevant Seller financial information (financial filings, tax returns and Bank Statements). The Exchange will perform a thorough validation check of the applicant including lien searches, bankruptcy searches, and other verifications of the submitted material. Sellers are also required to pay a one-time registration fee. Once approved, Sellers create an account profile indicating auction preferences and defaults for postings.

Who is the Account Debtor?

The Seller's customer. The Account Debtor is the business who originally purchased your goods or services.

Does The Receivables Exchange notify my customers that I am posting their receivables for sale?

No. The Receivables Exchange does not notify your customers if you sell a Receivable on the Exchange.

How many receivables can I post?

Sellers can post as many or as few receivables as they want, as long as they meet the $10,000 auction minimum. Sellers are able to have as many live auctions occurring simultaneously as they want.

How long can the term be on a receivable?

To be eligible for the Exchange, receivables can carry no greater than net 90 terms.

THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

What happens if my customer (Account Debtor) doesn't pay their receivable?

Sellers are bound by a repurchase agreement that states they are responsible for making the buyer of receivables whole, should the Account Debtor not pay before the repurchase date.

How are Advance Amounts and Discount Fee rates determined?

Sellers have the ability to pre-specify the Minimum Advance they will accept and the Maximum fee they will pay when selling a Receivable.

What if my business doesn't have a long credit history?

One of the tremendous benefits of The Receivables Exchange is that, through our transparent, centralized and real-time marketplace, our Sellers are able to leverage the credit-worthiness of their best customers. For example, if you are a small business that has only been around for 2 years and doesn't have a long credit history but has some Fortune 500 companies as customers, you could post the receivables of those customers. Your receivable(s) will be evaluated by the Buyers based on the higher credit rating of your best customers.

What if Receivables Buyers don't bid on my Auction?

A Seller has the ability to make its auction more attractive by either lowering its Minimum Advance rate, or raising its Maximum Discount Fee while an Auction is live. If no bids are made within the auction timeframe, no transaction takes place. The Seller may re-post the receivable(s) as a new auction (with new parameters if you choose).

For tax purposes, is the funding considered income? If so, is it taxed?

No. The funding is not considered income and, therefore, it is not taxed. The transaction is a true sale of an asset at a discount. It is always advisable to consult a CPA to discuss your specific tax situation.

How do I get the best discount rate on my receivables?

To get the best rate on your receivables, post the receivable(s) of those customers with the best possible credit. For example, if possible, choose to post the receivables of your Fortune 500 customers with a good credit rating rather than those of a smaller, unknown customer.

THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

Do I get to control the fees I pay and advances I require?

Yes. The Seller is in complete control of the auction. When setting the auction parameters, the Seller determines a minimum advance and a maximum fee. If no bid meets both parameters, no transaction takes place. The bid that meets both parameters, or improves on both parameters, wins the auction. If multiple bids meet those parameters, the best bid wins the auction.

How often can a Seller use the Exchange?

As often (or as seldom) as you like.

What if I change my mind? Can I cancel a posting?

A seller may only cancel a posting under two circumstances:

1. The Seller realizes that the Receivable for Auction is a non-qualifying Receivable
2. The Seller receives a Remittance, or Credit adjustment against the posted Receivable before the end of the auction

If you wish to terminate your user agreement as a Seller, you can do so at anytime. However, in order to post again in the future you will have to go through the registration and application process.

What fees are involved?

There is a one-time Seller registration fee of $500 charged upon the consummation of a Sellers' first successful sale of receivables. When a Seller posts receivables on the Exchange, they are charged a $10 posting fee per Account Debtor per auction. If a posting is successfully purchased by a Buyer, the Seller is charged a transaction closing fee, which is subtracted from the advance amount the Seller receives from the Buyer. All transaction closing fees will be transparent to the Seller at the time of closing. All remittance funds that flow through the Lockbox are charged an Administration Fee. Wire and ACH fees also apply and are passed through to the Seller.

How long does it take to become registered as a Seller and be eligible to post receivables?

The eligibility process takes an average of 1-2 weeks, depending on the complexity of your company. Once you have returned the signed Seller agreement and registration fee, and all TRE due diligence has been conducted, you will be confirmed as a Seller and then be eligible to post receivables.

THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

Do the Sellers know who the Receivables Buyers?

No. The identity of the capital providers remains anonymous to the Seller. The Receivables Exchange performs thorough background checks and conducts rigorous due diligence on all Buyers of receivables.

How long does an auction last?

The Seller chooses how long his/her auction will last. An auction can close on the same day or can last up to ten business days.

How are the funds transferred?

The Exchange uses wire and ACH services from a nationally recognized custodian bank and lockbox administrator.

How long will it take for me to receive the funds?

The Seller will have access to the funds the next business day after the auction closes.

Does the sale of my receivables have a negative effect on my credit report?

No. The completion of a transaction on the Exchange could improve your company's credit rating.

Capital Providers

Who are the Capital Providers?

Capital Providers are the Receivables Buyers, generally made up of institutional investors from around the world (commercial banks, hedge funds, asset-based lenders, factoring institutions) looking to diversify their investments, broaden the reach of their portfolio and generate attractive investment risk-adjusted returns. Buyers of receivables engage in competitive bidding to buy the receivables of Sellers on The Receivables Exchange.

THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

How is pricing determined?

Minimum pricing is initially set by the Seller. Receivables Buyers can bid where they feel is appropriate, but a Seller is only obligated to accept bids that meet or improve on their Minimum Advance and Maximum Fee. The Receivables Exchange is a centralized and efficient marketplace that levels the playing field for small and mid-sized businesses. Buyers of receivables are provided a due diligence evaluation of Sellers and their receivables and will compete against each other to bid on their receivables, thereby setting the price needed to win the auction.

How long does an auction last?

The Seller chooses how long his/her auction will last. An auction can be between one and ten business days.

How are the funds transferred?

The Exchange uses direct debit transfers to fund an Advance from a Buyer of receivables once they have won an auction.

What if the Seller defaults?

If an Account Debtor fails to remit payment for a Sold Receivable before the repurchase date, and the Seller subsequently fails to honor the terms of the Repurchase agreement by buying back the traded Receivable for the Repurchase Amount, the Seller will incur an event of Default. When this occurs, the Exchange will attempt to drawdown the repurchase amount from the Sellers account. If this is successful, the funds will be wired to the Buyer. If the Seller has insufficient funds, TRE will begin the collection process and pursue available legal remedies to enforce the Seller's payment of the Repurchase Amount. In addition, TRE will notify Account Debtors that their Payment Obligation has been sold to and purchased by a Buyer of receivables over the Exchange, and instructing each Account Debtor to pay all amounts with respect to the traded receivable directly to the Lockbox account. Lastly, TRE will exercise whatever additional enforcement rights are available under applicable law.

Do the Buyers of receivables know who the Sellers are?

Yes. As a part of the due diligence on the Sellers, the Buyers of receivables are provided all relevant information on the Sellers and their Account Debtors so that they are thoroughly informed in order to evaluate the receivable and make a bid.

THE RECEIVABLES EXCHANGE
The Capital of Growing Businesses

Fraud

How secure is my financial information on The Receivables Exchange?

At The Receivables Exchange, Sellers and Buyers of receivables are our greatest asset. We take seriously the responsibility to keep all Seller and Buyer financial data private and secure. In order to utilize the latest security measures to protect customer data, we employ former FBI law enforcement officials to drive our security and fraud prevention efforts. We also actively participate in national security trade groups to serve as a driving force in online and offline financial services security matters.