

KNX ASSOCIATION CVBA

INTERNAL RULES

FEES

Document History

<i>Version</i>	<i>Status / Comment</i>	<i>Date</i>
v0.1	Draft issued for comment	08.09.05
V1.0	Approved by Board Decision October 2005	12.10.05
V1.0a	Editorial correction: removal of previous classification of members in S or M members – documentation of BFU for 2006	17.02.06
V1.1	Proposal for update of the fee structure – approval by KEB on 14.02.2007	14.02.07
V1.2	Proposal for update of the fee structure – simplification of RPU scheme – approved by KEB in June 2007	19.06.07

1 General

This document describes the Fees rules of the KNX Association cvba.

In the case of discrepancies between this document and the *Articles of Association*, the latter shall be the binding document.

In the case of discrepancies between this document and the *IPR License Agreement*, the latter shall be the binding document.

In the case of discrepancies between this document and the *Trademark License Agreement*, the latter shall be the binding document.

2 Fees Overview

The fee structure consists of the following elements:

- For shareholders, the acquiring of an appropriate share in the co-operative society.
- For shareholders, the paying of an Annual apportionment.
- For interested parties, the paying of an Annual Cost apportionment.
- For external licensees, the license fees are paid annually on a per unit royalty basis.

The Management Board may from time to time adjust the level of the annual fees.

3 Annual apportionment

All shareholders are required to pay an Annual Cost Apportionment. The fee is payable annually in advance, and the amount of the fee depends on the size of the entity concerned. The mechanism for calculating annual fees is detailed in the fee calculation table in Chapter 7.1. The fee covers also the shareholder's annual IPR and Trademark license fees.

4 Acquiring of shares

New shareholders are required to acquire a share immediately upon joining the association. In accordance with Annex A to the statutes of the Co-operative Society, the following share structure has been defined:

Category	A	C
Amount of shares	10	1
Nominal Value	€ 14.873,61	€ 1.487,36
Intended for	- Current shareholders - new shareholders with \geq 100 staff	new shareholders with < 100 staff
Voting rights at General Assemblies and under written member voting	10	1
Dividend	Pro rata percentage of nominal value / total share capital	
Cost apportionment	The cost apportionment is decided by the General Assembly; it may differ in case of double membership	

5 License Fees

External Licensees are required to pay an Annual IPR License fee and an Annual Trademark License Fee.

The amount of these fees depends on the size of the entity concerned. Fees are paid on a per unit royalty basis (this payment modus is designed to be of interest to entities that manufacture relatively small numbers of products). The mechanism for calculating the unit royalty fee is detailed in the fee calculation table in Chapter 7.2.

6 License Fees for Member's Subsidiary Companies

Member companies that have Subsidiaries with independent "*Manufacturer's Subsidiary IDs*" are required to pay additional license fees to cover the additional administration costs. (However, the amount of these additional fees is less than the amount that the Subsidiary would have to pay if it became a Member in its own right). The mechanism for calculating subsidiary company license fees is detailed in the fee calculation table in Chapter 7.1.

7 Fee Calculation Table

The different fees depend on the type and size of the entity concerned, and are determined as shown in the following tables.

For the purposes of calculating fees, the size of the entity (i.e. the number of employees) will be taken as the sum for the entity itself plus all of its subsidiaries.

All fees are calculated as multiples of the "*Basic Fee Unit*" (BFU). The current level of the BFU is declared in Euros and is published openly by the Co-operative Society.

NOTE: the BFU for 2007 has been set at 12500 Euros.

The Management Board may from time to time adjust the level of the BFU – subject to ratification by the General Assembly.

Charges for product certification (Certification Fees) are not subject of this document.

7.1 Fees Paid on a Lump Sum Basis

	Annual Cost Apportionment
M Members > 100 Employees	1 x BFU
M Members from 26 to ≤ 100 Employees	0.5 x BFU
M Members from 11 to ≤ 25 Employees	0.3 x BFU
M Members ≤ 10 Employees	0.2 x BFU
Interested Parties > 100 Employees	0,16 x BFU
Interested Parties ≤ 100 Employees	0,08 x BFU
Member's Subsidiary (Licensee) > 100 Employees	0.375 x BFU
Member's Subsidiary (Licensee) ≤ 100 Employees	0.187 x BFU

7.2 Fees paid on Royalty per Unit (RPU) Basis

In order to further the common KNX market, there is also a royalty per unit payment (RPU) method provided, so as to encourage the use of the KNX Standard and the KNX certification mark by companies that have application specific potential in significant niche areas.

The minimum period of validity of this royalty per unit license shall be five years, after which the license shall be renewed or an application for shareholding shall be submitted.

The license fees shall be paid as follows:

1. Each year, the licensee shall make a payment of
 - a. 0,08 x BFU in case of companies with less or equal 100 staff members (RPU License Type A)
 - b. 0,16 x BFU in case of companies with more than 100 staff members (RPU License Type B)

The above fee includes the IPR as well as the Trademark License Fee.

This fee is invoiced after the approval of the year's BFU at the Annual General Assembly.

2. At the end of each year, the licensee is obliged to present his achieved KNX product sales figures. The "Sales" is defined as the quantity of KNX products sold, multiplied by the respective price.

When 1% of the sales figures

- a. does not exceed the already paid annual fee, the licensee is not invoiced but any excess paid fees are also not refunded;
- b. exceeds the already paid annual fee, the rest is invoiced to the licensee at the end of the year, however with a limit that depends on the number of staff members of the company, i.e. :
 - i. Companies with > 100 staff members: 1,5 x BFU
 - ii. Companies with 26 to ≤ 100 staff members: 0,75 x BFU
 - iii. Companies with 11 to ≤ 26 staff members: 0,45 x BFU
 - iv. Companies with ≤ 10 staff members: 0,3 x BFU

3. If the above sales figures are not presented before the end of February of the subsequent year, KNX Association has the right to invoice the maximum fee as given in the above clause 2b.

The licensee shall keep the books of accounts containing an accurate record of all data necessary for the determination of the amounts payable. The licensee shall permit examination of such books of account at all reasonable times by a certified public accountant selected by the Licensor for the sole purpose of determining the correctness or incorrectness of any of the statements.

8 Interest on Late Payments

Any payment due will be invoiced for payment within 30 days. If, after one reminder the payment was not received by KNX Association within the following 30 days, such payments due will then be subject to an increase according to the monthly interest rate equal to the normal KNX Association bank lending rate for each new calendar month during which these dues are still outstanding.