

# Code of Conduct

Version 01.05.2018

## 1. Introduction

The code of conduct sets out standards of business conduct that apply to all marketplace lending platforms who are members of the SMLA (hereafter “platform members”).

Platform members must confirm annually that they are complying with the code of conduct. The confirmation has to be in writing and sent to SMLA until end of January for the respective year. The membership of SMLA as well as the compliance with the code of conduct has to be published on the website of the platform.

## 2. General principles

Platform members of SMLA comply with following general principles. They

- operate their business with the relevant technical and professional competence
- operate their business with integrity and in a fair and honest way
- are transparent about their business model and fees
- maintain and promote high professional standards

## 3. Risk Management

Platform members of the SMLA have a robust credit risk policy and undertakes a careful assessment of every individual loan before allowing it on its platform.

## 4. Supervision and Anti-Money Laundering

Platform members comply with the applicable regulations. The platforms are subject to the Anti-Money Laundering Act (Geldwäschereigesetz, GwG) if they are transferring money through their own accounts. The platforms indicate publicly if this is the case or not. Moreover, the platforms publish if they have a licence from FINMA as a directly supervised financial intermediary (DSFI) or become a member of a self-regulatory organisation (SRO) recognised by FINMA.

Platform members active in the consumer loan market comply with the consumer credit act (Konsumkreditgesetz, KKG) and are members of the Verein zur Führung einer Zentralstelle für Kreditinformation (ZEK).

## 5. Identification of Management

In order to allow proper identification of the management, passport copies of two members of the executive management have to be provided when applying for platform membership at SMLA. The name of a representative of the platform to SMLA is published on the SMLA website.

## 6. Transparency

Platform members provide the following data to the SMLA in order to increase transparency in the market. The data is collected by the SMLA and published on an aggregated level for the whole market on its website.

All figures listed below are reported individually for consumer loans (loans to individuals), business loans (loans to companies) and real estate loans (loans for real estate). The relevant data for the reporting is the last working day during the respective period. The data has to be delivered to the SMLA within 10 working days.

<b>Data</b>	<b>Definition</b>	<b>Frequency of reporting</b>
Volume	Total volume of lending since platform was established (paid out loans)	Monthly
Volume requested	Total volume of requested lending since platform was established	Quarterly
Average loan size	Average volume of lending since platform was established	Quarterly
Number of loans	Number of loans since platform was established	Quarterly
Number of borrowers and lenders	Number of borrowers and lenders since platform was established	Quarterly
Maturity	Average maturity of loans paid out in the half-year	Semi-annually
Non-performing loans NPL	A loan is non-performing if I. the borrower of the loan more than 45 days overdue in an interest payment, or II. the borrower of the loan is more than 45 days overdue with a principal repayment, or III. legal action for enforcement of the loan has commenced, or IV. the loan is being or has been renegotiated with a borrower, or V. the loan has not otherwise been in full compliance as a percentage of amount outstanding as of 31 <sup>st</sup> December or 30 <sup>th</sup> June.	Semi-annually

Arrears	Arrears is the amount overdue for payment as defined above in NPL, section I and II, as a percentage of amount outstanding as of 31 <sup>st</sup> December or 30 <sup>th</sup> June.	Semi-annually
Risk – default rate	Total bad debt (principal repayment and interests overdue 120 days plus) as a percentage of amount outstanding as of 31 <sup>st</sup> December or 30 <sup>th</sup> June.	Semi-annually
Return per year of origination	Actual annual return to date of loans in origination year (% , after fees and bad debts [including recoveries])	Semi-annually