

# Secondary Market Rules

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These secondary market rules govern the transfer of interests in Loans held by Investors through the Platform. These rules also govern the transfer of interests in Loans held by Squirrel or vehicles associated with Squirrel through the Platform. References to "Investors" in these rules include Squirrel or associated vehicles where relevant.

Unless the context otherwise requires, the general provisions and definitions set out under the heading "GENERAL" ([here](#)) in the Platform and Website Terms and Conditions apply in these rules.

## Rules

1. Investors' interests in Loans made through the Platform and subject to the Platform Documents are approved for the purposes of transfer by the Secondary Market in accordance with these rules.
2. The Secondary Market is administered, monitored and enforced by Squirrel in accordance with these rules and all the terms of the Platform Documents as they apply in relation to Loans, interests in Loans, Investors and Borrowers. All such terms (including as to conduct of persons in relation to the Platform) are deemed to be incorporated in these rules and a breach of those terms or these rules will be deemed to be a breach of each other Platform Document.
3. Investors may request to transfer their interest in a Loan on the Platform via the Secondary Market provided:
  - a. the Loan has not been written off;
  - b. the Loan is not in the process of being closed;
  - c. all of the principal of the Loan has not been repaid; or
  - d. for Wholesale Investors only, the Borrower is not in hardship or the Loan is not 30 days or more in arrears.
4. Subject to the circumstances in paragraph 3(a) - (c) above, interests in Homeowners Loans will automatically be listed on the Secondary Market following the 12-month interest only period. The Transfer Fee will not be charged in this event. These Loans will remain listed on the Secondary Market unless the existing Investor elects to continue with the Loan or the interest in the Loan is transferred to a new Investor.
5. The Secondary Market also enables Squirrel (or entities associated with us) to use the Platform in the capacity of an Investor in order to ensure that Loans are funded as early as possible and to otherwise aid liquidity in the Platform. Squirrel, or entities associated with Squirrel, may sell any interests held under Loans via the Secondary Market.
6. Investors may withdraw their request to transfer their interest in a Loan via the Secondary Market at any time prior to acceptance of a Loan offer by cancelling their request to transfer their interest in a Loan through the notification process on the Platform.
7. Interests in Loans may only be transferred on the same terms as held by the Investor, including as to outstanding term and interest rate.
8. Subject to paragraph 9, interests in Loans which are to be transferred through the Secondary Market will be matched through the Platform with Bids on the following basis:
  - a. A Bid will be automatically matched with an interest in a Loan via the Secondary Market where the Bid meets the Automatic Transfer Criteria being:
    - i. the loan amount under the Bid equals or exceeds the Loan balance for the interest in the Loan being transferred;
    - ii. the interest rate under the Bid equals or is less than the interest rate for the interest in the Loan being transferred;
  - and

- iii. the term under the Bid is equal to or greater than the balance of the term of the Loan being transferred by no more than three months (in respect of a Bid for a term of two or three years) or by no more than one year (in respect of a Bid for a term of five or seven years).
  - b. In the event that there is more than one Bid which meets the Automatic Transfer Criteria, eligible Bids will be ranked on a "first come, first served" basis, with Bids submitted earliest in time having priority over later submitted Bids.
  - c. Where a Bid is not matched with an interest in a Loan under paragraph 8(a), Bids:
    - i. with an interest rate which is equal to or less than the interest rate for the interest in the Loan being transferred; and
    - ii. with a term which is equal to or greater than the balance of the term of the Loan being transferred by more than three months (in respect of a Bid for a term of two or three years) or by more than one year (in respect of a Bid for a term of five or seven years), will be ranked on a "first come, first served" basis, with Bids submitted earliest in time having priority over later submitted Bids.
  - d. Squirrel will then offer the interest in the Loan to the first ranked Bid for acceptance. Where the offer is accepted, the Bid (or the relevant amount of the Bid) will be matched with the interest in the Loan on the conditions as to interest rate and term remaining on the Loan. Where the offer is not accepted, the person making the next ranking Bid will be offered the interest in the Loan on the basis set out in paragraph 8(c) above.
  - e. Once the transferring Investor's interest in the Loan is matched with a Bid on the basis set out above, the transferring Investor will be notified of the match and the Trustee will arrange for the repayment to the Investor of the outstanding balance of their interest in the Loan.
9. Where the balance of a Loan to be matched with a Bid via the Platform from time to time is less than \$100, Squirrel will fund the balance of the Loan in order to ensure the efficient operation of the Platform.
10. Where the full amount of a Bid is not matched via the Secondary Market, or the person submitting the Bid declines to accept an offer to be matched with an interest in a Loan for transfer, the balance of the Bid will remain on the Platform to be matched with Loans on the basis set out in the Terms.
11. We may permit Wholesale Investors to fund whole Loans to provide liquidity to the Platform and the Secondary Market. Retail investors will, however, be prioritized over Wholesale Investors. Wholesale Investors may take priority over Retail Investors where there are insufficient Bids by Retail Investors to meet the full value of the loan. Wholesale Investor funding may prioritize investment in Loans listed on the Secondary Market over new Loans.
12. Subject to paragraph 3, where Squirrel is aware that a Credit Event has occurred in relation to a Loan to be transferred via the Secondary Market, being:
  - a. the Borrower has previously missed a payment due under the Loan (whether or not the default in payment has been covered by the Reserve Fund); or
  - b. the Loan is currently in arrears; or
  - c. there has been a material adverse change in the Borrower's credit profile from the position in the credit assessment undertaken by Squirrel prior to the Loan being advanced to the Borrower,

Squirrel will notify the purchasing Investor of the Credit Event and give them the election whether or not to continue with a transfer.

13. Where a Credit Event has occurred in relation to a Loan to be transferred via the Secondary Market, Squirrel will disclose the Credit Event to prospective Investor(s) and the interest in the Loan will only be transferred where the prospective Investor(s) have indicated via the Platform that they accept the offer of the interest in the Loan having been made aware of the Credit Event.

14. Investors should be aware that Squirrel may not have performed a credit assessment of the Borrower(s) since the Loan was first entered into and therefore there may be events that affect the creditworthiness of the Borrower(s) since the Loan was entered into, including, without limitation, a Credit Event, which are not known to Squirrel or Investors.
15. For the avoidance of doubt, Investors whose interest in a Loan is transferred through the Secondary Market will be required to pay the Transfer Fee and all other applicable fees and charges as set out in the Investor Agreement. The Transfer Fee is payable in relation to each Loan in respect of which an Investor's interest is transferred via the Secondary Market. We do not charge this fee where Squirrel or a vehicle associated with Squirrel is using the Secondary Market and may choose not to do so for Wholesale Investors. The Transfer Fee also does not apply where a Homeowner's Loan is automatically listed on the Secondary Market following the 12-month interest only period.
16. Except as required by law, no disclosure of any change in the beneficial interest in any part of a Loan will be made to a Borrower, given the Loan is made by the Trustee without disclosing the details of any underlying Investor. We may, however, disclose details of underlying investors where we consider we are required to do so by law.
17. Following receipt of payment from the Trustee, the Trustee's obligations to the transferring Investor in respect of the Loan will be fully and completely discharged. The Trustee will thereafter hold the interest in the Loan on bare trust for the replacement Investor in accordance with the Investor Agreement.
18. Squirrel may suspend or terminate the Secondary Market at any time for any reason and, except as set out below, will not be required to notify Investors of its suspension or termination. Any requests to transfer interests which are listed at that time will be cancelled and the transferring Investor will be notified by Squirrel as soon as reasonably practicable after suspension or termination.
19. **Squirrel does not guarantee that interests in Loans which are listed for transfer will be matched with Bids via the Secondary Market. This will depend on there being sufficient Bids on the Platform which can be matched, and on matched Loans being accepted where relevant, on the basis set out above. Investors may not be able to transfer their interests in the Loans at any time and may be required to remain invested in the Loan for its full term.**

## Complaints

20. If you have a query or wish to complain regarding the Secondary Market, please contact us at the following:

Squirrel Money Limited  
20 Beaumont Street  
Freemans Bay  
Auckland 1010

Phone: 0800 212 233

Email: [money@squirrel.co.nz](mailto:money@squirrel.co.nz)

21. As registered financial service providers, we and the Trustee are each members of an approved dispute resolution scheme. The contact details for the scheme are:

Financial Services Complaints Limited

Level 4  
101 Lambton Quay  
Wellington 6011

Website: <http://www.fscl.org.nz>