

Secondary Market Rules

Date: 14/04/2023 Version: 2.5

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 "Platform and other information" ([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;
 - d. you do not have in your possession any information that is not disclosed on the platform or in the public domain which may affect the value of your interest in the Loan; and
 - e. for Wholesale Investors only, the Borrower is not in hardship and the Loan is not in arrears, known as the "Qualifying Loan" criteria.
4. Subject to the circumstances in paragraph 3(a) – (c) above, interests in Homeowners Loans will be automatically listed on the Secondary Market following the 12-month interest only period unless the existing Investor elects to continue with the Loan before the end of the 12-month interest only period.

Once a Loan is listed on the Secondary Market it will remain listed for transfer until the interest in the Loan is fully transferred to one or more new Investors or the existing Investor cancels the request to transfer their investment (whichever occurs first).

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 full acceptance of the offer by other Investors by cancelling their request

through the notification process on the Platform. Where the Investor has listed an investment on the Secondary Market, and it has been partially matched to other Investors, cancelling the Secondary Market order will prevent any further matching and the original Investor will retain the remainder of the investment.

7. Interests in Loans may only be transferred between Retail Investors on the same terms as held by the transferring Investor, including as to outstanding term and interest rate. We may allow interests in Loans to be transferred between Wholesale Investors on differing terms if mutually agreed to by the respective Wholesale Investors.
8. We may allow Wholesale Investors to transfer an interest in a Loan to their own Retail Investor entity where that Loan meets the Qualifying Loan criteria. From the point of any such transfer, the investment will assume the Prevailing Interest Rate applicable to the Investment Term and Investment Class associated with the transferred Loan. The Investor will be treated as a Retail Investor in relation to their interest in that Loan and will be subject to the same Terms applicable to all other Retail Investors from the point of transfer.
9. Subject to paragraph 10, interests in Loans which are to be transferred through the Secondary Market will be matched through the Platform with Investment Orders on the following basis:
 - a. An Investment Order will be automatically matched with an interest in a Loan via the Secondary Market where the Investment Order meets the Automatic Transfer Criteria being:
 - i. the Investment Class and Interest Rate Type on the Investment Order match the Investment Class and Interest Rate Type of the Loan being transferred;
 - ii. the loan amount under the Investment Order equals or exceeds the Loan balance for the interest in the Loan being transferred;
 - iii. the Prevailing Interest Rate under the Investment Order equals or is less than the Investor interest rate of the Loan being transferred; and
 - iv. the Remaining Term Criteria is met, being:

For Personal Loans:

- Investment Orders with an Investment Term of one year will be matched to any Homeowners Loan that meets the criteria in points i. to iii. above and where the remaining balance of its initial one-year term is six months or more;
- Investment Orders with an Investment Term of two to three years will be matched to any Personal Loan that meets the criteria in points i. to iii. above and where the remaining balance of its term is between one and three years (inclusive); and
- Investment Orders with an Investment Term of five to seven years will be matched to any Personal Loan that meets the criteria in points i. to iii. above and where the remaining balance of its term is more than three years.

For Home Loans:

- Investment Orders will be matched to any Home Loan that meets the criteria in points i. to iii. above regardless of the remaining term.

For Construction Loans:

- Investment Orders will be matched to any Construction Loan that meets the

criteria in points i. to iii. above regardless of the remaining term.

- b. In the event that there is more than one Investment Order which meets the Automatic Transfer Criteria, eligible Investment Orders will be ranked on a "first come, first served" basis, with Investment Orders submitted earliest in time having priority over later submitted Investment Orders.
- c. Where an interest in a Loan available for transfer on the Secondary Market cannot be matched to available Investment Orders under the Automatic Transfer Criteria, the Secondary Transfer Criteria will apply. The Platform will search for Investment Orders with an Investment Class and Interest Rate Type that matches the Investment Class and Interest Rate Type of the Loan being transferred and with either:
 - i. an interest rate which is greater than the interest rate for the interest in the Loan being transferred; or
 - ii. which fall outside of the Remaining Term Criteria, known as the "Secondary Transfer Criteria".

Investment Orders meeting the Secondary Transfer Criteria will be ranked on a "first come, first served" basis, with Investment Orders submitted earliest in time having priority over later submitted Investment Orders.

We will then offer the interest in the Loan to the first ranked Investment Order for acceptance. Where the offer is accepted, the Investment Order (or the relevant amount of the Investment Order) will be matched with the interest in the Loan on the conditions as to interest rate and term remaining on the Loan, and will be governed by the terms of the Investor Documents. Where the offer is not accepted, the person making the next ranking Investment Order will be offered the interest in the Loan on the basis set out in paragraph 8(c) above.

- d. Once the transferring Investor's interest in the Loan is matched with an Investment Order 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.
10. Where the full amount of an Investment Order is not matched via the Secondary Market, or the person submitting the Investment Order declines to accept an offer to be matched with an interest in a Loan for transfer, the balance of the Investment Order will remain on the Platform to be matched with Loans on the basis set out in the Terms.
11. Subject to paragraph 3, where Squirrel is aware that the interest rate of a Loan being transferred via the Secondary Market is less than the prevailing interest rate for that Investment Class, or 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 disclose the Interest Rate and/or 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 Interest rate and/or Credit Event.

12. 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.
13. There are no fees associated with a secondary market transaction for either the existing or new investor.
14. 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.
15. 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(s) in accordance with the Investor Agreement.
16. 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.
17. Squirrel does not guarantee that interests in Loans which are listed for transfer will be matched with Investment Orders via the Secondary Market. This will depend on there being sufficient Investment Orders 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

18. If you have a query or have reason to lodge a complaint regarding the Secondary Market, please contact us at the following:

Write to: Squirrel Money Limited
PO Box 911254, Victoria Street West
Auckland 1142

Email: money@squirrel.co.nz

Phone: 0800 21 22 30

19. 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:

Write to: Financial Services Complaints Ltd (FSCL) – A Financial Ombudsman Service
PO Box 5967, Lambton Quay
Wellington 6145

Visit: 4th Floor, 101 Lambton Quay
Wellington 6011

Email: info@fscl.org.nz

Phone: 0800 347 257

Web: www.fscl.org.nz

FSCL will not charge a fee to you to investigate or resolve a complaint.