

NOTICE OF LODGMENT
AUSTRALIAN COMPETITION TRIBUNAL

This document was lodged electronically in the AUSTRALIAN COMPETITION TRIBUNAL and has been accepted for lodgment pursuant to the Practice Direction dated 3 April 2019. Filing details follow and important additional information about these are set out below.

Lodgment and Details

Document Lodged:	Statement of Daniel Robert Foggo
File Number:	ACT1 of 2019
File Title:	Re Application for authorisation AA1000439 lodged by Australian Energy Council, Clean Energy Council, Smart Energy Council and Energy Consumers Australia in respect of the New Energy Tech Consumer Code and the determination made by the ACCC on 5 December 2019
Registry:	VICTORIA – AUSTRALIAN COMPETITION TRIBUNAL



DEPUTY REGISTRAR

Dated: 8/05/2020 8:58 PM

Important information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Tribunal and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.



Statement

No. ACT 1 of 2019

IN THE AUSTRALIAN COMPETITION TRIBUNAL

Re Application for authorisation AA1000439 lodged by Australian Energy Council, Clean Energy Council, Smart Energy Council and Energy Consumers Australia in respect of the New Energy Tech Consumer Code

Flexigroup Limited

Applicant

Statement of: Daniel Robert Foggo
Address: 14 Martin Place, Sydney NSW 2000
Occupation: Chief Executive Officer
Date: 8 May 2020

This document contains confidential information which is indicated as follows:

[Confidential to RateSetter] [REDACTED]

I, Daniel Robert Foggo of 14 Martin Place, Sydney NSW 2000, say as follows:

1. I am a director and the Chief Executive Officer (**CEO**) of RateSetter Australia RE Limited (**RateSetter**).
2. Now shown to me is a bundle of documents marked **Exhibit DF-1** and a further bundle marked **Confidential Exhibit DF-2** which contains information that is commercially sensitive and confidential. When I refer to a document in this statement, I refer to it by the page number in Exhibit DF-1 or Confidential Exhibit DF-2.

QUALIFICATIONS AND EXPERIENCE

3. I obtained a Bachelor of Commerce (Economics) from the University of Otago in 1997 and a Masters of Business (Finance) from the University of Otago in 1999.
4. In 2000, I moved to London and joined NM Rothschild, where I worked as an investment banker specialising in mergers and acquisitions until August 2007.
5. Between August 2007 and December 2008 I was a director at FL Group, an investment firm.
6. In 2009, I moved to Sydney and joined O'Sullivan Partners, a corporate advisory firm, as a director providing merger and acquisition advice. In 2010 I joined Barclays Capital as a director providing corporate advisory and corporate lending services.
7. In August 2012, I founded RateSetter. Since then I have been a director and the CEO of RateSetter. As CEO I am responsible for the company's strategy, day-to-day operations and communications with shareholders including Carsales.com Limited and two private equity firms.
8. In November 2016, I co-founded PartPay, a buy now pay later (**BNPL**) payment solutions business. PartPay supplies BNPL finance for low value goods (on average under \$200) for a fee charged to the merchant (typically 3-5% of the price of the goods). In 2018, PartPay started supplying BNPL services in the United Kingdom and gained equity interests in BNPL providers being established in the United States and South Africa. By 2019, PartPay had become one of the largest providers of BNPL finance in New Zealand. In 2019, PartPay was acquired by Zip Co Limited.
9. Since November 2019, I have been a member of the Australian Security and Investments Commission (**ASIC**) Digital Finance Advisory Committee, advising ASIC on the use of technology in the delivery of financial services and in regulatory processes and related matters.

RATESETTER

10. RateSetter is a consumer lending and investment business that offers automotive loans and personal loans to consumers. RateSetter offers "regulated" loans, by which I mean that it is required to comply with the *National Consumer Credit Protection Act 2009* (Cth) (**NCCPA**) including the National Consumer Code (**NCC**). I refer to finance businesses that are not required to comply with the NCCPA as "unregulated" finance providers.
11. RateSetter offers personal loans through the RateSetter Lending Platform (**RS Platform**), a registered managed investment scheme. The RS Platform is explained in RateSetter's

product disclosure statement (**PDS**), a copy of which is at pages 2 to 77 of **Exhibit DF-1**. Essentially, investors identify to RateSetter an amount they wish to invest, the lending “market” in which they wish to invest (which is defined by RateSetter) and a rate at which they are willing to invest. Borrowers submit loan applications to RateSetter, which RateSetter assesses to determine each borrower’s creditworthiness. Investors’ funds are then matched (in accordance with the investors’ instructions) to approved loans as the loans are drawn by borrowers. Borrowers’ loan payments are allocated to the investors to which the loans have been matched.

12. When RateSetter started operating, it primarily used a “peer-to-peer” lending model matching funds of retail investors with borrowers. It subsequently expanded its funding base to include wholesale investors (including self-managed superannuation funds, fixed income funds, several authorised deposit taking institutions and a superannuation fund) and the Federal Government’s Clean Energy Finance Corporation investing through the RS Platform. More recently it established a warehouse funding facility with National Australia Bank as senior funder, specifically to fund secured automotive loans.
13. In May 2017, RateSetter expanded its personal loan offering to include loans for the acquisition by consumers of certain renewable energy (or “new energy technology” (**NET**)) products, which are commonly referred to as “green loans”. RateSetter facilitates unsecured fixed interest rate green loans of amounts from \$2,001 to \$45,000 that have terms from three to seven years. The specific renewable energy products for which RateSetter facilitates green loans are listed on pages 69 and 70 of **Exhibit DF-1**. Unlike other personal loans, for green loans, RateSetter disburses the funds loaned to the relevant NET Supplier (following installation of the NET product) rather than the borrower.
14. Consumers that draw a RateSetter green loan pay interest, an establishment fee (or credit assistance fee (**CAF**)), a risk assurance charge (**RAC**) and other fees as may be applicable such as account management fees. The RAC is paid into a “Provision Fund”, and is an amount held on trust by a third party for RS Platform investors and used to compensate investors if borrowers are late in making payments or default on their loan.
15. **[Confidential to RateSetter]** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

16. RateSetter distributes green loans in two ways: directly (through online applications on RateSetter's website) and through installers or suppliers of NET products (**NET Suppliers**) that have been accredited by RateSetter and have agreed to its introducer terms and conditions. **[Confidential to RateSetter]** An example of the introducer terms and conditions is at pages 2 to 6 of **Confidential Exhibit DF-2**. The vast majority of RateSetter's loans are distributed through NET Suppliers.
17. Typically, when NET Suppliers offer NET products to consumers, they do not offer a range of finance options. Some provide a single quote or estimate, either for BNPL finance product or a regulated finance product. Others offer a regulated finance product as a "primary" option, and BNPL finance as an alternative if the consumer does not meet lending eligibility criteria for the regulated product. RateSetter does not permit NET Suppliers to engage in unsolicited sales of RateSetter's green loans.

RATESETTER'S LOAN APPLICATION PROCESS

18. RateSetter has an online portal that NET Suppliers can use to submit applications for loans on behalf of consumers. The portal can be used from computers, tablets and mobile phones. When applying for a loan using the portal, NET Suppliers are required to provide proof of identity (driver's licence or Medicare card) and proof of income documents (two payslips or 90 days' worth of bank statements).
19. Submitting an application using the online portal typically takes less than 10 minutes. Once an application has been submitted, it takes two to four business hours (on average) for RateSetter to grant or refuse "conditional approval". If conditional approval is granted, RateSetter disburses the loan funds to the supplier provided that, within the following 90 days, the NET product is installed to the customer's satisfaction, the customer maintains a good credit history with no material changes to his or her financial situation (e.g. to employment, income or expenses) and the NET Supplier continues to be accredited by the Clean Energy Council.
20. Before NET Suppliers apply for conditional approval, they can inform consumers of the likely amount of monthly repayments if the loan is approved. That can be done in two ways:
- (a) using RateSetter's "RateCard", which sets out the monthly repayments based on various assumed loan amounts and terms, **[Confidential to RateSetter]** [REDACTED]
- [REDACTED] **[Confidential to RateSetter]** A copy of the RateCard is at pages 7 to 8 of **Confidential Exhibit DF-2**; and/or

- (b) using RateSetter's online "RateEstimate" calculator, which estimates monthly repayments based on a loan amount and term nominated by the applicant, and an interest rate determined by the calculator based on the applicant's individual circumstances. It takes about one minute to obtain an estimate using RateEstimate webpage. This webpage can be found at <https://members.ratesetter.com.au/borrower/RateEstimate>.
21. Louis Edwards is RateSetter's Head of Renewable Energy Finance and reports to me. We meet or speak on a daily basis. He is responsible for RateSetter's relationship with NET Suppliers and speaks regularly (often daily) with NET Suppliers and obtains feedback from them about RateSetter's products and services. He has said to me that he has never received feedback from a NET Supplier to the effect that the supplier's ability to sell NET products is limited by the time required to obtain RateSetter's conditional approval for its green loans, or by uncertainty about the amount of repayments before conditional approval is granted. Each of RateSetter's top 20 NET Suppliers (i.e. those that distribute the largest amount number of loans) offered BNPL finance before they started offering RateSetter's loans.

ESTABLISHING A GREEN LOAN OFFERING

22. I set out below the key requirements and costs of:
- (a) establishing a new business that provides or facilitates green loans;
 - (b) expanding a business that supplies regulated personal loans to also supply regulated green loans;
 - (c) expanding a business that supplies BNPL finance for NET products to also supply regulated green loans.
23. I am familiar with these requirements and costs as a result of experience I obtained founding RateSetter, co-founding PartPay, expanding RateSetter's personal loan offering to include green loans and in the course of my role as CEO of RateSetter. I have been directly responsible, or personally supervised the person(s) responsible, for each of these requirements.

Establishing a new green loans business

24. The key requirements and related costs for establishing a new business that supplies or facilitates regulated green loans are as follows.
- (a) **Legal and regulatory costs.** There is a range of legal and regulatory requirements that must be satisfied to supply regulated green loans, including

obtaining an Australian Credit Licence (**ACL**) and putting in place processes for financial hardship and dispute resolution required by the NCCPA and for disclosure required by the NCC. There are also legal costs associated with establishing a particular legal structure and securing funding sources. In my experience, these legal and regulatory costs are approximately \$150,000 in total. Putting in place the systems and processes required to obtain an ACL alone cost approximately \$90,000, predominantly in fees for legal advice. Based on ASIC searches that I have caused RateSetter staff to perform, I am aware that seven providers of personal loans that have obtained ACLs since 2014: Wisr, Jacaranda, Harmony, MoneyPlace, Symple Loans, Athena Mortgage and Brighte Capital.

- (b) **Funding for loans.** I was involved in RateSetter's initial efforts to attract retail investors in 2014 and in negotiations for the warehouse funding it raised in 2019, and part of my role as CEO of RateSetter includes speaking regularly with providers of warehouse facilities. I consider that funding for personal loans is readily available to entities that have a credible founding team with consumer lending or related experience. Once a lending track record has been established, loan funding can readily be obtained from a range of sources, including specialist fixed income investors, banks, superannuation funds, and securitisation markets. There is a strong appetite in the marketplace for funding for green loans, as many investors have mandates to support businesses with strong environmental credentials. Various consumer finance lending businesses have been established in Australia and raised funds for lending over the last five years. Some such as RateSetter and OurMoneyMarket have initially attracted retail investors to fund loans (where such investors have funded whole loans), whilst others such as SocietyOne have raised institutional capital, and others such as Brighte have raised (and it has been publicly announced that they have raised) warehouse facilities. Under such warehouse facilities, the business is typically required to provide 5% to 10% of the amount of capital being loaned, whilst the remainder is provided by third-party funders such as banks via funding notes (which may be sold to securitisation investors in the future).
- (c) **Physical premises.** Substantial or expensive physical premises are not required to supply or facilitate green loans, given that loan applications can be (and typically are) accepted and processed online. Operations to support green loan services supplied throughout Australia can be (and typically are) run from one office, which may be located inside or outside of Australia. Accordingly, lease costs need not

exceed \$75,000 per annum. RateSetter commenced its operations with office space for 14 employees at less cost than this in the Sydney central business district.

- (d) **IT and other systems.** It is also necessary to have access to an information technology system for managing and accessing loan applications and conducting sales and marketing activity. Based on RateSetter's experience, such a system can be built for around \$700,000, although its functionality may be limited. I understand from discussions with IT suppliers and representatives of other finance providers that an alternative (and more common) approach is to utilise a fully featured third party platform, which may cost approximately \$250,000 to configure and around \$150,000 as an annual licensing fee assuming monthly loan originations of \$5 million to \$10 million.
 - (e) **Staff.** There is a wide pool of qualified and experienced lending staff (including loan underwriters and risk analysts) that are willing to join a new consumer lending business. In my experience, to start a lending business and reach \$5 million of lending within 6 months required at least 8 personnel.
 - (f) **Total.** I consider that a business can be established and start providing regulated green loans with around \$1 million of equity capital. That amount may vary depending on factors such as the diversity of the business' operations and the level of its investment in future growth.
25. I consider that establishing a new business that provides regulated green loans would take approximately six to 12 months. As a recent example, I am aware based on ASIC searches that I have caused RateSetter staff to perform that Symple Loans Pty Ltd, a consumer lending business funded by wholesale investors, registered its ABN on 1 February 2018 and received its ACL on 27 September 2018.

Expanding a personal loan business to include green loans

26. The key requirements and costs for expanding a business that offers regulated personal loans to include regulated green loans are as follows.
- (a) **Legal and regulatory costs.** The legal and regulatory costs associated with extending into green loans are minimal. Existing legal structures, funding sources and credit licences can be utilised, as can existing borrower loan contracts. A new template introducer or referrer agreement for working with NET Suppliers and a review of existing borrower loan contracts may be required, which costs around \$20,000.

- (b) **Funding for loans.** Existing funding sources for personal loans are likely to be able to be used to fund green loans. In my experience, funders typically do not refuse investment capital allocated to fund personal loans being used to fund green loans. RateSetter chose to introduce the Federal Government's Clean Energy Finance Corporation as a new funder when it expanded into green loans, which resulted in legal costs of approximately \$30,000, although introducing this new source of funds was not necessary.
 - (c) **IT and other systems.** Existing personal loan information technology systems may be able to facilitate green loan applications and manage green loans over their loan term. However, a business may choose to invest in its technology systems to make it easier for a NET Supplier to assist their clients in making a loan application, if its existing technology systems do not already provide such support for referral partners or third party introducers. They may also wish to add additional technology system functionality to simplify the process of paying NET Suppliers directly, or communicating with NET Suppliers and the borrower in relation to product installation and payments. The cost of such information system amendments would depend on how modern the technology system is. A relatively new system should be able to be modified at a cost of less than \$100,000.
 - (d) **Staff.** There is no requirement to recruit new staff that have experience in working with NET Suppliers or supplying green loans. RateSetter did not recruit any new staff to specifically focus on green loans when it first introduced its green loan offering. It relied on existing staff with experience in personal loans. . Additional staff may be required over time (as the scale of green loan operations increase), although the cost of those staff would then likely be able to be funded from revenue from the green loans the business funds. RateSetter currently has approximately 100 staff members, 8 of which now focus specifically on the provision of green loans and services to two state government renewable energy subsidy programs.
 - (e) **Total.** I consider that a business that already provides regulated personal loans can extend its offering to have a specific focus on the green loans subcategory with around \$150,000 of investment.
27. Examples of businesses that have expanded from supplying regulated personal or commercial loans to supplying regulated green loans include:
- (a) Community First Credit Union, which started offering regulated green loans in June 2016;

- (b) RateSetter, which started offering regulated green loans in May 2017;
 - (c) Australian Military Bank, which started offering regulated green loans in mid-2019;
 - (d) SocietyOne, which started offering regulated green loans in 2019; and
 - (e) OurMoneyMarket, which started offering regulated green loans in 2019.
28. There are many providers of regulated personal loans in Australia. In addition to the major banks, there are over 40 credit unions and mutual banks, and at least ten non-bank finance companies such as RateSetter offering personal loans.
29. Based on RateSetter's experience introducing a green loan, I consider that an existing regulated loan provider could start offering a regulated green loan in about six weeks.

Expanding a BNPL finance business to include regulated green loans

30. The key requirements and costs for expanding a business that offers BNPL finance to include regulated green loans are as follows.
- (a) **Legal and regulatory costs.** The legal and regulatory costs would be similar to those I referred to in paragraph 24(a) above, although if the provider or one of its related bodies corporate holds an ACL it would not be necessary to obtain an ACL. I am aware of three suppliers of unregulated green loans that hold, or have a related body corporate that holds, an ACL: Flexigroup, Brighte Capital and Latitude Personal Finance.
 - (b) **Funding for loans.** It should not be necessary to obtain additional funding for the reasons referred to in paragraph 26(b) above (i.e. existing funding sources are likely to be able to be used to fund green loans).
 - (c) **IT and other systems.** Technology system development to facilitate regulatory compliance, interest payments and other modifications costs around \$150,000, assuming a business has a reasonably modern technology system. PartPay completed the technology system development to extend its BNPL offering into a regulated interest bearing loan in New Zealand at a cost of less than \$150,000.
 - (d) **Staff.** There should be no need to recruit new staff for the reasons referred to in paragraphs 26(d) above.
 - (e) **Total.** I consider that the costs associated with extending the offering of an established BNPL business to providing regulated green loans would be no more than \$300,000, including legal advice and technology development.

31. Brighte Capital is an example of a business that has recently moved from supplying unregulated green loans (since 2015/2016) to supplying both unregulated and regulated green loans (in mid-2019).
32. I have read the non-confidential witness statement of Mr Taras Mysak of Flexigroup. In paragraph 60 of his statement, Mr Mysak refers to changes that Flexigroup would need to make to its business to comply with the proposed New Energy Tech Consumer Code (**proposed Code**), which I understand contains requirements similar to some of those in the NCCPA. He identified those changes as:
- (a) changing data capture and assessment processes and merchant training guides;
 - (b) increasing data points required from potential customers for income and expense validation and verification, and verification of data with external sources; and
 - (c) manual or electronic assessment of bank statements.
33. In my experience, lenders frequently make changes to their application forms, data capture and loan assessment processes to reflect (among other things) changes by competitors, customer preferences, requests from merchants, credit risk management requirements and to facilitate improvements to the customer application experience. Requirements of merchants and merchant training also typically change from time to time. I am not able to estimate the cost of those changes with precision, but I consider them to be very modest relative to the total costs that a lending business incurs and modest relative to the profits Flexigroup has reported in its most recent annual accounts.
34. The costs of any necessary manual or electronic assessment of bank statements would depend on matters such as the scale of lending, but for RateSetter I estimate that it costs less than \$5 per customer. There are numerous businesses that provide software to lenders that can capture and make available bank statement data for use in responsible lending assessments (including BankStatements.com, BASIQ, Mogo and Yodlee), which typically charge less than \$3 per bank statement captured and processed.

RATESETTER'S COMPETITORS

35. I consider the supply of finance for NET products to be highly competitive. There are many different providers of regulated and unregulated finance that I consider to be close competitors of RateSetter. I have listed those providers, and a summary of the finance products that they supply, in the table at pages 78 to 81 of **Exhibit DF-1**. In making decisions regarding the rates and other terms that RateSetter offers, I have regard to the products and terms offered by each of the entities listed in that table. From time to time I receive management reports that contain analysis of some of RateSetter's competitors.

[Confidential to RateSetter] An example is the [REDACTED] document at pages 9 to 12 of **Confidential Exhibit DF-2**.

36. I am also conscious of the potential for consumers to finance NET products using home loans (i.e. by extending their mortgage) and credit cards. RateSetter tailors its products and promotional material in light of that potential. For example, at pages 82 to 87 of **Exhibit DF-1** is a renewable energy finance (green loan) marketing brochure that compares RateSetter's green loan against standard interest and fees associated with using credit card and mortgage redraw facilities to purchase NET products.

DISCLOSURE REQUIREMENTS

37. I understand that before regulated providers of green loans enter into a credit contract with a consumer, they are required under the NCC to provide a disclosure statement that sets out various matters including details of the amount of credit to be provided, the required repayments and their frequency, all fees and charges including when they are payable, and any commission payable to or by NET Suppliers. A copy of this disclosure document used by RateSetter is at pages 88 to 98 of **Exhibit DF-1**.
38. I consider that disclosure of this information enables consumers to compare the rates offered by different regulated finance providers in a "like-for-like" way, and therefore to choose between different regulated finance providers based on which provider's product will cost the consumer less.
39. I understand that consumers are not required to be provided with a similar disclosure document before they receive BNPL finance. In my view, this limits consumers' ability to compare the cost to them of acquiring NET products with regulated finance and BNPL finance. In particular, it limits consumers' ability to compare:
- (a) the total debt that they will owe with the different forms of finance;
 - (b) the periodic payments they will be required to make with the different forms of finance; and
 - (c) the benefits to them of making early or additional repayments with the different forms of finance.
40. In my view, this is likely to limit consumers' ability to choose between regulated and BNPL finance based on which product costs them less overall. I therefore consider it less important for RateSetter to compete on "price" with BNPL providers than it does with regulated finance providers. I focus more on RateSetter seeking to dispel the impression

that I consider many consumers have, namely that BNPL finance is effectively free, because it does not require the consumer to pay interest.

41. In my view, if BNPL providers were required to provide the disclosures required by the NCC (supported by at least those disclosures required in clause 3(n) and 25(c)(iii) of the proposed Code), that would enable consumers to better understand the cost to them of BNPL finance and regulated finance, and increase the extent to which the two forms of finance compete with each other on price. This would also, I believe, help ensure that consumers do not acquire NET products with BNPL finance based on a misconception that the finance is “free”, in the sense that none of the cost of it has been passed on to them.
42. Requiring merchants to disclose details of any commissions they receive from BNPL finance providers would also ensure that consumers can see whether the merchant has an incentive to offer or promote BNPL finance rather than another finance option that may be cheaper overall for the consumer.
43. The cost to RateSetter of complying with the disclosure requirements in the NCC is very low. Templates for the required disclosures can be prepared or purchased at a cost of approximately \$10,000, and ongoing marginal costs are very low.

SUITABILITY ASSESSMENTS, HARDSHIP AND DISPUTE RESOLUTION

44. Under the NCCPA, RateSetter must comply with and offer consumers a number of protections when providing a consumer finance product, including:
 - (a) **Responsible lending.** Before RateSetter offers finance to a consumer it must assess whether the proposed credit contract is unsuitable for the consumer, which includes assessing whether the consumer will be able to comply with his or her financial obligations under the contract. **[Confidential to RateSetter]** [REDACTED]
[REDACTED]
[REDACTED]. These declines typically represent pensioners or self-employed individuals seeking a loan where their income is insufficient to meet their existing liabilities and expenses.
 - (b) **Hardship.** RateSetter must have a documented process for consumers who experience financial hardship that allows consumers to change their contract if they cannot meet their obligations.
 - (c) **Dispute resolution.** RateSetter must have a dispute resolution procedure that complies with standards and requirements made or approved by ASIC and be a

member of the Australian Financial Complaints Authority (**AFCA**). RateSetter is also required to disclose its dispute resolution procedures to consumers before consumers enter into an agreement with RateSetter.

45. The approximate cost of RateSetter complying with responsible lending is difficult to discern given many of the processes are automated and would be completed even if there were no responsible lending requirements, although I would estimate this cost to be around \$10 per loan funded. The cost to RateSetter of complying with hardship and dispute resolution requirements is approximately \$20 per loan funded. Membership of AFCA costs approximately \$5,000 per year.

Date: 8 May 2020

A solid black rectangular box used to redact the signature of Daniel Robert Foggo.

Signature of Daniel Robert Foggo

Exhibit certificate

No. ACT 1 of 2019

IN THE AUSTRALIAN COMPETITION TRIBUNAL

Re Application for authorisation AA1000439 lodged by Australian Energy Council, Clean Energy Council, Smart Energy Council and Energy Consumers Australia in respect of the New Energy Tech Consumer Code

Flexigroup Limited

Applicant

This is the exhibit marked “**DF-1**” to the statement of Daniel Robert Foggo dated 8 May 2020.

Filed on behalf of RateSetter Australia RE Limited, Intervener
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RateSetter Lending Platform

Product Disclosure Statement

ARSN 169 500 449

RESPONSIBLE ENTITY:

Ratesetter Australia RE Limited

ABN:

57 166 646 635

AFSL NUMBER:

449176

Important notices

This information is important and requires your attention

It is important that you read this document carefully and in its entirety prior to making any decision about investing in the RateSetter Lending Platform (ARSN 169 500 449). In particular you should pay careful consideration to the risk factors outlined in [Section 4](#) of this document and the tax implications in [Section 11](#) as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of an investment in the RateSetter Lending Platform will vary between investors. Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances. If you have any queries or uncertainties relating to aspects of this document or an investment in the RateSetter Lending Platform, please consult your adviser before deciding to invest.

The issuer

This document is a Product Disclosure Statement (PDS) for the purposes of Part 7.9 of the Corporations Act and has been issued by Ratesetter Australia RE Limited (ABN 57 166 646 635, AFSL number 449176, ACL number 449176) (Responsible Entity, RateSetter, we, us) as responsible entity of the RateSetter Lending Platform.

Date

This PDS was prepared in accordance with the Corporations Act. This PDS is dated 23 March 2020. This PDS has not, and does not need to be, lodged with ASIC, and ASIC does not take any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

Not investment advice

The information contained in this PDS should not be taken as financial product advice and has been prepared as general information only without consideration for your particular investment objectives, financial circumstances or particular needs. In particular, you should pay careful consideration to the risk factors outlined in [Section 4](#) of this PDS in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether to invest.

If you have any queries or uncertainties relating to aspects of this PDS or the offer for Interests in the RateSetter Lending Platform, please consult your stockbroker, accountant or other independent financial adviser before deciding whether to invest.

Similarly, the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in [Section 11](#) and obtain your own professional taxation advice prior to deciding whether to invest in this offer for Interests in the RateSetter Lending Platform.

Electronic PDS

An electronic copy of this PDS may be viewed online by investors at www.ratesetter.com.au. If you access this PDS electronically please ensure that you download and read the PDS in its entirety. The offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia only. A paper form of this PDS can be obtained, free of charge, by contacting the Responsible Entity at Level 5, 14 Martin Place, Sydney, NSW, 2000.

Applications for Interests in the RateSetter Lending Platform will only be considered if applied for on an Application Form attached to or accompanied by this PDS and submitted via the website (refer to [Section 13](#) for further information).

Australian investors only

This PDS has been prepared to comply with the requirements of Australian law and is only being made available to investors in Australia. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Distribution of this PDS outside Australia (whether electronically or otherwise) may be restricted by law. Persons who receive this PDS outside of Australia are required to observe any such restrictions. Failure to comply with such restrictions may find you in violation of applicable securities laws. Any person subscribing for Interests in the RateSetter Lending Platform shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS, and are not acting for the account or benefit of a person within such jurisdiction. None of the Responsible Entity, Ratesetter Australia Pty Limited, RateSetter, the Custodian, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the offer for Interests in the RateSetter Lending Platform.

Updated information

Information regarding the RateSetter Lending Platform may change from time to time. Any updated information about the RateSetter Lending Platform that is considered not materially adverse to members will be made available on the RateSetter Lending Platform's website at www.ratesetter.com.au and the Responsible Entity will provide a copy of the updated information free of charge to any member who requests a copy by contacting us on 1300 768 710.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Financial information

Unless otherwise specified, all financial and operational information contained in this PDS is current as at the date of this PDS. All currency amounts are in Australian dollars unless otherwise specified.

Diagrams

Diagrams contained in this PDS are intended for illustrative purposes only.

Investment timing

Any indication of times, including terms of any investments, may vary due to the time taken to process instructions or payments. Any processing times indicated are estimates only and may vary.

This scheme only

The description of the structure, activities, fees and other features of the RateSetter Lending Platform are set out in this PDS. RateSetter and other companies associated with RateSetter and/or operating under the RateSetter brand may have different structures, activities, fees and other features in respect of the products and services they may offer including in jurisdictions other than Australia.

Definitions, abbreviations and other information

Explanations of defined terms and abbreviations used throughout this PDS can be found in the Glossary ([Section 16](#) of this PDS). Unless otherwise stated or implied, references to times in this PDS are times in Sydney, New South Wales. Similarly, references to dates or years in this PDS are financial years for the RateSetter Lending Platform unless otherwise stated or implied. Rounding of the figures provided in this PDS may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the offer for Interests in the RateSetter Lending Platform that is not contained in this PDS. Any information or representation that is not in this PDS may not be relied on as having been authorised by the Responsible Entity in connection with the offer for Interests in the RateSetter Lending Platform. Except as required by law, and only to the extent so required, neither the Responsible Entity, nor any other person, warrants or guarantees the future performance of the RateSetter Lending Platform, the repayment of capital, or any return on any investment made.

Disclaimers from third parties

The Trust Company was not involved in preparing, nor takes any responsibility for, this PDS (except statements referring directly to The Trust Company) and makes no promise that money invested will earn income or capital gain, or be repaid.

Australian Executor Trustees Limited (AET) has not withdrawn its consent to be named in this PDS as Custodian in the form and context in which it is named. AET does not make or purport to make any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by AET. To the maximum extent permitted by law, AET expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. AET does not guarantee the repayment of capital or any particular rate of capital or income return.

Third party privacy notice

AET collects your personal information for the primary purpose of providing custodial services to the Responsible Entity and for ancillary purposes detailed in its Privacy Policy. AET may disclose your personal information, such as your name and contact details, along with your account information to its related bodies corporate, the Responsible Entity, professional advisors and/or as otherwise instructed by the Responsible Entity. AET is also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy (available at www.aetlimited.com.au/privacy) which contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles.

FATCA compliance

If requested by the Responsible Entity, the member agrees, and it is a condition of the issue of Interests in the RateSetter Lending Platform, to provide certain information required by it or the Custodian in order to comply with any applicable law, including the United States Foreign Account Tax Compliance Act (FATCA).

Further questions?

If you have any queries relating to this PDS please contact us on 1300 768 710 or contact@ratesetter.com.au.

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Welcome to RateSetter

We are redefining investing and borrowing in Australia

RateSetter is a technology-led consumer lending and investment company. Through the RateSetter Lending Platform, we provide a transparent marketplace where investors and borrowers, empowered by technology, can transact together and share the benefits.

RateSetter is not a bank. RateSetter is part of a new generation of modern businesses using technology to replace traditional middlemen and reduce the costs of providing financial services.

Access strong, stable returns

Lending money can generate strong, stable returns for investors. In Australia, the opportunity to lend to creditworthy borrowers has traditionally been restricted to a relatively small number of large banks and traditional institutions. Our innovative platform is changing this, giving everyday Australian investors the opportunity to invest in loans to creditworthy Australian individuals and businesses, providing investors the opportunity to boost returns and diversify their investment portfolios.

We do the hard work

RateSetter, amongst other things, checks investors and borrowers are who they say they are, checks each borrower's creditworthiness, matches investors and borrowers, and administers payments. RateSetter's cutting-edge online technology platform makes this simple and efficient.

A rate for the people, by the people

Until now, rates have been set by central bankers and banks and consumers have had to accept the rates handed down to them. With the arrival of RateSetter, there is now a new rate. A rate set by everyday Australians - people and businesses lending and borrowing at rates they agree on our online marketplace.

A sensible approach to risk

We take the risks of lending seriously. We are very cautious about who can borrow through RateSetter. Borrowers must meet our stringent lending criteria. RateSetter borrowers are creditworthy Australian-resident individuals and businesses who have decided to find an alternative to banks and other traditional financial institutions.

A lending pioneer

RateSetter UK, a related company, was the first peer-to-peer lender globally to introduce the concept of a provision fund to help protect investors from borrower late payments or default. This innovation represents a significant evolution in peer-to-peer lending.

The money in the Provision Fund in Australia comes from borrowers and is held on trust by an external trustee. We may make a claim to the Provision Fund on behalf of an investor in the event of a borrower late payment or default. Our objective is to ensure that the Provision Fund is sufficiently funded to be able to protect investors on an ongoing basis such that they do not suffer financial loss. However, the Provision Fund is not a guarantee nor an insurance product. Further information on the Provision Fund is set out in [Section 8](#).

Regulated by ASIC

RateSetter holds an Australian financial service licence (AFSL) number 449176 and an Australian credit licence (ACL) number 449176 issued to it by ASIC. RateSetter is the responsible entity of the RateSetter Lending Platform (ARSN 169 500 449), a managed investment scheme that is registered with ASIC.

Investing in the RateSetter Lending Platform is not without risk and you may lose some or all of your investment. It is important that you read and understand each of the risks set out in [Section 4](#).

You should read this PDS in its entirety before deciding to invest.

You can access our services online at www.ratesetter.com.au.

Features at a glance

The table below provides a summary of key features of investing via the RateSetter Lending Platform.

What does RateSetter do?	<p>We match investors who want a competitive return on their money with creditworthy borrowers who want a simple, convenient loan.</p> <p>We, amongst other things, operate the RateSetter Lending Platform, assess borrowers to ensure they are creditworthy, match lender and borrower orders, provide loan administration services, manage loan payments and manage claims on the Provision Fund to help protect investors in the event of borrower late payment or default.</p>
Who can lend?	<p>Participation is available to all investors including individuals, self-managed superannuation funds, trusts and other entities.</p> <p>You must apply to be a member, and your membership application must be accepted by RateSetter, before you can lend.</p>
How do I access your services?	<p>You can access our services by visiting www.ratesetter.com.au. If you have any questions you can contact our customer services team on 1300 768 710 or contact@ratesetter.com.au.</p>
How much can I lend?	<p>You can participate with any amount from \$10.</p>
How long can I lend for?	<p>You can lend in our 1 Month Rolling market, our 3 Year Income lending market, our 5 Year Income lending market or alternatively in our renewable energy lending markets, being our National Clean Energy lending market and our South Australia Renewable Energy lending market, both of which have an indicative term of 7 years.</p> <p>If you lend in the 1 Month Rolling market your funds may need to remain on loan to borrowers beyond the indicative term, although in such circumstances you may continue to receive borrower payments.</p> <p>See Section 7.7 for more information about circumstances in which your funds may need to remain on loan beyond the indicative term.</p> <p>When the early access transfer feature is available, you may be able to request an early access transfer to exit an investment from a loan in our 3 Year Income lending market, 5 Year Income lending market, or our National Clean Energy lending market before the end of its indicative term, provided there are funds available from other investors to replace your interests in that loan. See Section 7.12 for more information about early access transfers.</p>

Who sets the interest rates?

Interest rates in each lending market are set by investors and borrowers, according to the supply and demand of funds at different interest rates, subject to any interest rate limit that applies to a lending market as determined by RateSetter from time to time.

Who am I lending to?

We facilitate lending to creditworthy Australian-resident individuals (aged 18 or over) and creditworthy Australian-resident businesses, although the majority of our lending is to individuals rather than to businesses. As an investor, you may be lending to individuals and businesses.

We consider an applicant to be creditworthy if they are approved following our borrower risk assessment processes, which take into account our assessment of their propensity and financial capacity to fulfil their obligations under a proposed loan contract at the time of assessment.

Before approving any loan application, we employ credit decisioning processes similar to those of banks and other traditional lenders. These processes include identity verification, anti-fraud checks, credit analysis and assessment of the applicant's ability to repay their loan. We may perform these checks with the assistance of third parties.

Your funds may also be matched to loans to the Early Access Facility Trust, with such loans being referable to an underlying loan to a borrower. See [Section 7.12](#) for more information about early access transfers and the Early Access Facilitating Partner.

What are the amounts and terms of borrower loans?

Loans are for amounts up to \$500,000 for terms from six months to seven years. Loans to consumers are most commonly for amounts less than \$45,000. At the date of this PDS, the average loan funded since commencement of the RateSetter Lending Platform is approximately \$13,500.

Borrowers have a legal obligation to repay their loan according to the terms of their loan contract.

What do borrowers use loans for?

Borrowers may be seeking a loan for one of a number of reasons. For an individual, this may be to fund the purchase of a car, home improvements, an investment, professional services or to consolidate existing debts. In the case of a business this may be to fund working capital, new plant, new equipment, the purchase of property or other forms of expenditure or investment. Additionally both individuals and businesses may seek a loan to fund Approved Clean Energy Products, as described in [Section 14](#).

Are loans secured or unsecured?

Loans may be secured or unsecured whether those loans be to individuals or businesses. Security may be taken over tangible or intangible property, for example, an automobile which is owned or proposed to be owned by a borrower. Security interests created under a secured loan agreement may be registered on the PPSR or state land information registry, as appropriate, in the name of the Custodian.

Do I choose which borrowers I lend to?

No. You do not choose the borrowers or loans to which your funds are matched. Rather, you choose how much you wish to invest, in which lending markets, and at what rates. Our peer-to-peer lending information technology systems automatically match your funds to the loans of borrowers that have met our loan underwriting requirements in the lending market you have chosen.

Whilst we perform comprehensive borrower risk assessment and lend only to creditworthy individuals and businesses, there may be differences in the creditworthiness of borrowers to whom your funds are matched.

Do I choose whether my funds are matched to secured or unsecured loans?

No, you do not get to choose. Your funds may be matched to secured or unsecured loans, whether those loans be to individuals or businesses.

Do I choose whether my funds are matched to loans of individuals or businesses?

No, your funds may be matched to loans to creditworthy individuals or creditworthy businesses.

What happens if my funds are matched to a secured loan?

Your website user experience, including the process for creating lending orders and managing your RateSetter Account, does not differ if your funds are matched to a secured loan rather than an unsecured loan. However, there may be different processes in the event of borrower default. See [Section 7](#) for more information.

Do I choose whether my funds are matched to loans for Approved Clean Energy Products?

Yes, you can choose to invest in loans to fund Approved Clean Energy Products by investing in our National Clean Energy lending market or South Australia Renewable Energy lending market. See [Section 7](#) for more information.

What happens if my funds are matched to a business loan?

Your website user experience, including the process for creating lending orders and managing your RateSetter Account, does not differ if your funds are matched to a loan to a business rather than a loan to an individual. However, there may be different processes in the event of borrower default. See [Section 7](#) for more information.

How many borrowers am I lending to?

When you make an order to lend money in a lending market, your lending order may be matched to a single loan or multiple loans. This will depend on the rate of your lending order, amount of your lending order, the time your lending order was made relative to other orders in that lending market and the number and amount of loans available to be funded in that lending market.

Am I party to a borrower's loan contract?

You as an investor (and also other investors, to the extent the loan is funded by more than one investor) do not have a contract with the borrower. Rather, the lender of record for the RateSetter Lending Platform is the Custodian. When your funds are on loan, your RateSetter Account is updated to reflect that you have interests in the relevant loan, and your rights in respect of that loan are governed primarily by the Constitution and this PDS.

Importantly, when your funds are matched to a loan, you have a direct economic interests in that loan, and your interests in that loan is not directly impacted by the performance of other loans.

When do I receive payments?

The timing of payments will depend on the lending market in which you invest and other events such as borrowers repaying their loans early.

For each lending market, interest is ordinarily received on a monthly basis, although in relation to some loans, where payments are made more regularly by the borrower, interest may be received more regularly.

Do I always have access to funds?

You can access cleared funds in your holding account at any time.

You cannot issue an instruction to withdraw funds that are on loan until those funds have been repaid, or alternatively as may be the case with the 1 Month Rolling market, replaced by other investors, and cleared to your holding account.

When the early access transfer feature is available, you may be able to request an early access transfer to exit an investment in a loan before the end of its indicative term, provided there are funds from other investors to replace your interests in that loan. See [Section 7.12](#) for more information about early access transfers.

What happens if a borrower defaults?

We or a nominated third party may undertake a number of actions to pursue payments, which may include appointing an external collections agency or recourse to available legal remedies, including where appropriate, court action. If a loan is secured, those actions may include the relevant security interest being exercised and the secured asset being repossessed or sold.

RateSetter has the sole discretion to determine what actions if any are taken to recover funds from a borrower. RateSetter also has the discretion to take no further action to recover funds, whether the loan is secured or unsecured.

What is the Provision Fund?

You may benefit from RateSetter making a claim to the Provision Fund in the event of a borrower late payment or default.

The Provision Fund is a pool of money funded by borrowers and held on trust by an external trustee. RateSetter may make a claim to the Provision Fund in the event of a borrower late payment or default on a loan. Any amount paid from the Provision Fund is credited to the investors who funded the loan, in proportion to the amount funded by each investor.

RateSetter's objective is to ensure that the Provision Fund is sufficiently funded to be able to protect investors on an ongoing basis such that they do not suffer financial loss. See [Section 8](#) for more information about the Provision Fund.

Does the Provision Fund guarantee I cannot lose money?

No. The Provision Fund does not provide a guarantee of any kind and it is not an insurance product. See [Section 8](#) for more information about the Provision Fund.

What fees and charges do I pay?

We charge investors a fee of 10% of the gross interest earned on loans, and we also keep as a fee the amount of interest earned on investor funds when they are not on loan. Importantly, the rate at which you create a lending order is the rate you earn after our fees. RateSetter may also receive fees paid by or on behalf of borrowers in relation to loans. See [Section 10](#) for more information about fees and costs.

Is RateSetter a bank?

RateSetter is not a bank. Your investment is not a deposit and does not benefit from the Financial Claims Scheme as it might if it were an amount deposited with an Australian ADI.

Are there risks in investing?

Yes, there are a number of risks which may lead you to lose some or all of your investment. It is important that you read and understand each of the risks set out in [Section 4](#).

How do I manage my investment?

We provide an easy-to-use website that allows you to manage your investment in real time. The website allows you to, amongst other things, view your RateSetter Account balances, make lending orders, set reinvestment options and request a withdrawal of your funds to your nominated bank account.

How do I transfer in funds?

Once you have registered and have been accepted as a member, you can transfer in funds to your holding account by bank transfer or BPAY.

See [Section 13.1](#) for more information about how to transfer in funds.

How do I withdraw funds?

You can withdraw funds in your holding account to your nominated bank account at any time. Withdrawals can be made as a one-off transfer, or you can elect to establish an automatic, periodic withdrawal. You are not able to withdraw any funds that are on loan or that are on market waiting to be matched with loans. The minimum amount you can withdraw is \$1.

See [Section 7.10](#) for more information on withdrawing funds.

Will payments received be automatically reinvested?

If you become a member of the RateSetter Lending Platform after the date of this PDS, your reinvestment settings will be set by default to automatically reinvest borrower payments you receive into loans in the same lending market from which the payment came, at the market rate. You can modify your reinvestment settings at any time by clicking on the 'Reinvestment' link in the 'Your Lending' section of the website.

See [Section 7.9](#) for more information on reinvestment options.

Why might an individual or business seek a loan from RateSetter?

RateSetter's innovative peer-to-peer lending model, simple online application and fast loan processing can often enable us to offer borrowers better value loans than ordinarily provided by traditional lenders.

How is my investment structured?

To participate you need to become a member of the RateSetter Lending Platform. Becoming a member is straightforward and can be completed entirely online. If you are accepted as a member, you will gain an Interest in the RateSetter Lending Platform. The process for applying to become a member and to transfer in funds is described in [Section 13](#). The process for withdrawing funds from your holding account is described in [Section 7.10](#).

Significant benefits of investing

Investing in the RateSetter Lending Platform is not without risk. It is important that as well as reading the benefits of investing set out below, you read and understand each of the risks set out in [Section 4](#).

Access to creditworthy borrowers

We match your funds to creditworthy borrowers seeking personal or business loans. Historically it may have been difficult for you to access these borrowers and this type of investment.

Access to competitive interest rates

We seek to provide you with competitive interest rates. Importantly, you can choose the interest rates at which you wish to lend.

Provision Fund helps protect investors

We may make a claim to the Provision Fund if a borrower to whom your funds are matched is late in making a payment or if they default on their loan. Our objective is to ensure that the Provision Fund is sufficiently funded to be able to protect investors on an ongoing basis from borrower late payment or default such that you do not suffer financial loss. However, the Provision Fund is not a guarantee nor an insurance product. See [Section 8](#) for more information about the Provision Fund.

Ability to access funds before the end of indicative term of a loan

When the early access transfer feature is available, you may be able to request an early access transfer to exit an investment in a loan before the end of its indicative term, provided there are funds from other investors to replace your interests in that loan. See [Section 7](#) for more information about early access transfers.

Secured lending

Your funds may be matched to secured loans as well as unsecured loans.

Flexible lending options

You can lend funds in lending markets with an indicative term as short as 1 month to an indicative term as long as 7 years.

You can choose to reinvest payments received in loans by issuing online instructions, or have payments received reinvested in loans automatically.

Simple loan administration

We provide you with convenient and comprehensive loan administration services, and our website provides easy access to your RateSetter Account and allows you to control your lending and reinvestment options.

Easy-to-use website

Our website provides you with an automated and rapid process for transferring monies to and from the RateSetter Lending Platform. Our website has also been designed to allow your RateSetter Account to be easily reviewed and managed.

Customer service focus

We are focused on providing you with exceptional customer service. We facilitate loans and associated services, not a broad range of other complicated products. When you contact us, you speak with someone who is trained to assist with your query.

Able to get your holding account funds back quickly

Cleared funds in your holding account will at your request usually be returned to your nominated bank account within two working days.

Transparency

Our website provides you with clear, up-to-date information about your investment. Our reporting and management tools allow you to see the status of your RateSetter Account in real time, including the amount of funds invested and interest earned.

We let you see information about the loans we facilitate. This includes important information relating to loans previously funded by investors, such as expected defaults, actual defaults, payments in arrears and the amount of money in the Provision Fund.

Our fee structure is simple and clear. See [Section 10](#) for more information about our fees.

Set your own rate

We allow investors to set the rate at which they want to lend (subject to any interest rate limit which may apply). This is achieved in the only real-time peer-to-peer lending market of its type in Australia.

Support the environment

You can choose to lend in our National Clean Energy lending market to fund Approved Clean Energy Products, which in turn may help support the natural environment.

RateSetter UK track record

We benefit from the expertise, experience and information technology of RateSetter UK in the United Kingdom. RateSetter UK launched its peer-to-peer lending services in the United Kingdom in 2009 and is one of the largest peer-to-peer lending operators globally.

Significant risks of investing

Investing in the RateSetter Lending Platform is not without risk. We have categorised the significant risks associated with investing into five categories, being key investment risks, other significant fund-specific risks, other significant lending-specific risks, other significant business lending-specific risks and other significant general risks. It is important that you read and understand each of these risks before investing.

Key investment risks

Borrower late payment or default

A borrower or series of borrowers to whom your funds are lent may delay or stop payment on a loan or default on a loan. You may be protected by RateSetter making a claim to the Provision Fund, however, there is no guarantee nor warranty as to any protection from the Provision Fund, and as such you may suffer financial loss as a consequence of borrower late payment or default.

No Provision Fund protection

We may make a claim to the Provision Fund to compensate you in the event of a borrower late payment or default. However, the Provision Fund is not an insurance product and we cannot guarantee or warrant that you will be compensated. RateSetter has discretion as to whether to make a claim and may determine to only make a partial claim or not to make any claim if, amongst other reasons, there are insufficient funds in the Provision Fund to cover all expected claims in relation to existing loans.

If you are not compensated by the Provision Fund in the event of borrower late payment or default, you may benefit from a number of debt collection or recovery processes that RateSetter may undertake, which may or may not recover any funds. In such circumstances, RateSetter may also assign your loan to a collections agency or the Provision Fund for consideration.

Assignment of your loan

If a borrower to whom your funds are matched defaults on a loan and you are not fully compensated by the Provision Fund, RateSetter may assign that defaulted loan to a third party, such as a collections agency, for an amount it is able to negotiate or to the Provision Fund for \$1. Once a loan has been assigned, you may not benefit from any recoveries that may then be made from that borrower. Further information on the assignment of loans is provided in [Section 7.11](#).

No withdrawal of funds until end of lending market indicative term

You are only able to withdraw (or reinvest) your funds at the end of the indicative term of the lending market in which they are invested, except where i) they are repaid to you through scheduled payments, ii) they are repaid to you by a borrower as a result of the borrower making an additional payment or repaying their loan early or iii) you are compensated by the Provision Fund.

When the early access transfer feature is available, you may be able to request an early access transfer to exit an investment in a loan before the end of its indicative term, provided there are funds from other investors to replace your interests in that loan. An early access transfer request will not be fulfilled where, inter alia, the value of lender orders in that lending market following execution of the order would be less than the early access transfer market value limit or replacement funders would be matched to the relevant facilitating loan at a rate above the early access transfer rate limit, such limits as set by us from time to time and published on our website. The availability of the early access transfer feature is not guaranteed and may cease to be available to investors without warning. See [Section 7.12](#) for more information on early access transfers.

Investment longer than indicative term

In the 1 Month Rolling market, your funds may need to remain on loan to a borrower or series of borrowers in a lending market beyond the indicative term. This may occur if, at the end of the indicative term, there are insufficient investor funds available to replace your funds in a loan. This period could be as long as an additional thirty five months.

If your funds in the 1 Month Rolling market are committed beyond the indicative term, your funds may be returned to your holding account if your investment a loan is able to be replaced with the funds of a different investor, subject to the funds replacement buffer. If your funds are committed for a longer period, you will continue to receive payments (where paid by the borrower or you are compensated by the Provision Fund in the event that a borrower is late making payment or defaults) and your interest rate will remain the same.

Your investment may also be longer than the indicative term in the event that a borrower or series of borrowers to whom your funds are matched are late in making payment and you are not compensated by the Provision Fund or other collection or recovery efforts.

Replacement funding may not be applied equally

In the event your funds and the funds of other investors in the 1 Month Rolling market need to remain on loan beyond the indicative term, the funds of other investors may be repaid before your funds are repaid and there is no guarantee that your funds will be repaid at the same time as other investors in the same loan. Further information on the operation of the 1 Month Rolling market is provided in [Section 7.7](#).

Borrower default impact on availability of funds

In the event of a borrower late payment or default where you have not benefited from Provision Fund protection, you may only be able to withdraw your funds relating to that loan when any collections or recoveries have been made against that loan.

Differences in borrower creditworthiness

Your investment may be impacted by differences in the creditworthiness of borrowers to whom your funds are matched in circumstances where investors are not fully compensated by the Provision Fund in the event of borrower late payment or default. RateSetter performs comprehensive borrower risk assessment and lends only to creditworthy Australian-resident individuals and businesses, however, there may be differences between the creditworthiness of borrowers to whom your funds are matched and there may be different risks and different levels of overall risk associated with loans to individuals versus loans to businesses.

Variances in borrower creditworthiness over time

We assess a borrower's creditworthiness as at the date of loan application, and our assessment reflects their creditworthiness at that point in time. We do not commit to evaluating a borrower's creditworthiness on an ongoing basis, although we may do so periodically. Your investment may be impacted should the creditworthiness of that borrower change over time, reducing the borrower's capacity to repay their loan. In addition, your funds may be matched to the loan of a borrower whose creditworthiness has changed since their loan application was approved, or to a borrower who has been or is late in making payment on their loan.

Value of secured property insufficient to cover defaulted loan

In circumstances where your funds are matched to a secured loan and where investors funding that loan are not fully compensated by the Provision Fund in the event of a default, your investment may be impacted by the realisable value of the property over which a security interest is held, to the extent that the realisable value is not sufficient to cover the full repayment of the loan. In other words, if a loan is secured its repayment is not guaranteed.

Ancillary arrangement default

Where there is an ancillary arrangement in relation to a loan to which your funds are matched, a party making payments pursuant to that ancillary arrangement may stop making payments or default on their obligations. In such circumstances, you may be protected by RateSetter making a claim to the Provision Fund, however, there is no guarantee nor warranty as to any protection from the Provision Fund, and as such you may suffer financial loss as a consequence of the third party not meeting their obligations under the ancillary arrangement.

No deposit guarantee

Your investment is not a deposit and does not have the benefit of protection under the Financial Claims Scheme as it may have if it were an amount deposited with an Australian ADI.

Other significant fund-specific risks

No interest on funds not on loan

You do not earn any interest on funds in your holding account or funds which are on market.

Money sitting idle

Your funds may remain in your holding account or on market for an extended period if you do not make a lending order, if there is insufficient borrower demand, if you create a lending order at an interest rate that is above the prevailing rate in a lending market or if you do not withdraw your funds to your nominated bank account. Funds in your holding account are held in the RateSetter Trust Account. Interest earned on money held in the RateSetter Trust Account is payable as a fee to RateSetter.

Dependence on related companies

We have engaged Ratesetter Australia Pty Limited and RateSetter UK to provide services in connection with our operations including information technology, borrower assessment and financial support. There are risks attached to our dependence on related companies including the risk that the related company fails to effectively provide the services and support that they are contracted to provide. The Early Access Facilitating Partner provides services in relation to early access transfers, including providing for the holding of early access loans and facilitating loans. The Early Access Facilitating Partner could become insolvent or may be unable to perform services in relation to early access loans or facilitating loans, which may have an adverse impact on the repayment of your loans.

Impact from other RateSetter Australia RE Limited activities

RateSetter acts as trustee for the RateSetter Wholesale Lending Platform, an unregistered managed investment scheme which is engaged in facilitating automotive finance to consumers and businesses, and provides loan management, administration and collection services in relation to loans provided by RateSetter Finance Pty Limited. RateSetter may facilitate loans in its other activities which could also be suitable for investment through the RateSetter Lending Platform. RateSetter manages the potential conflict of interest that it faces by, *inter alia*, maintaining an allocation policy (described in [Section 12](#)).

Dependence on third party service providers

We and Ratesetter Australia Pty Limited use third party service providers, including for identity and credit checks and the transfer and holding of money. There are risks attached to the use of third party service providers, including the risk that the third party fails to effectively provide the services that they have been contracted to provide.

Information technology

We rely on the effective use and function of information technology. As with many technology-led businesses, there are risks associated with reliance on information technology including technology failure interrupting the availability of services, the loss of data, or data being stolen.

Regulatory risk	Peer-to-peer lending is a reasonably new industry in Australia and the regulation of the industry may change, which may have an adverse impact on the costs and risk of your investment or result in you incurring financial loss.
Legal risk	Our structure may be challenged or may be impacted by taxation legislation. This may have an impact on the costs and risk of your investment or result in you incurring financial loss.
Loss of Australian financial services licence or Australian credit licence	Your investment may be impacted in the event that our AFSL or ACL is revoked or suspended, or if conditions are imposed on either licence which alters our capacity to operate the RateSetter Lending Platform or provide the services as described in this PDS.
RateSetter insolvency	Your investment may be impacted in the event that RateSetter becomes insolvent or goes into administration. However, in such circumstances, the loan contracts made with borrowers would still be legally valid and borrowers would need to continue to make any scheduled payments to you. In addition, RateSetter has a plan in place to administer those payments and manage the wind-down of the RateSetter Lending Platform.
Provision Fund wind-up	Should the RateSetter Lending Platform be wound up, you will have no entitlement to any residual funds in the Provision Fund. See Section 8 for more information on the Provision Fund.
Platform availability	Your RateSetter Account, related information and investment functionality is available through the website. RateSetter reserves the right to suspend the operation of the website at any time. Where possible, RateSetter will notify members of sustained scheduled website outages in advance via email.
Availability of early access transfer feature	When the early access feature is available, you may be able to request an early access transfer to exit an investment in a loan before the end of its indicative term, provided there are funds from other investors to replace your interests in that loan. We may enable or disable the early access transfer feature, and change the terms under which it is offered, at our sole discretion. Changes to the availability of this feature or its terms of use may impact whether you are able to exit an investment before the end of the indicative term. See Section 7.12 for more information about early access transfers.

Other significant lending-specific risks

Early repayment

You may receive your investment in a loan back earlier than anticipated if a borrower's payments change or if a borrower repays their loan early or if you are matched to a loan with a remaining term that is shorter than the indicative term of the lending market in which your funds are matched. If a borrower repays their loan early you will earn interest on the amount repaid only up to the date that the borrower makes payment, rather than the full indicative term of the relevant lending market in which you invested. If your funds are not reinvested in a loan or series of loans immediately your returns may be negatively impacted. Any new investment you then make in a loan or series of loans may be at a different interest rate to your initial investment which may impact your returns. In addition, the term of any new investment in a loan may not match the term of your initial investment in the loan that was repaid early.

No risk sharing

When your funds are on loan to a borrower, you are exposed to the credit risk of that borrower. The borrower's failure to pay will be borne by you and will not be shared with other investors (unless one or more other investors are also lending to the same borrower). In other words, you may lose your investment because your funds are lent to a borrower who defaults whilst another investor does not make a loss because they have lent to a borrower who has not defaulted. However, you may benefit from RateSetter making a claim to the Provision Fund in the event a borrower to whom your funds are matched is late in making a payment or defaults on their loan. See [Section 8](#) for more information about the Provision Fund.

Regulated loans

Loans made to borrowers who are individuals may be subject to the provisions of the National Consumer Credit Protection Act 2009 (NCCP) and its related regulations. Your investment may be impacted if a borrower to whom your funds are on loan exercises certain rights under the NCCP, including requesting a variation to loan payments due to hardship, the effect of which is that the term of your investment may be impacted. Loans for business purposes are not subject to the NCCP.

Compliance with credit laws

RateSetter and the Custodian are required to comply with certain credit laws and regulations including responsible lending obligations, the NCCP and its related regulations, the Australian Securities and Investments Commission Act 2001 and the Competition and Consumer Act 2010. Your investment may be impacted should RateSetter or the Custodian fail to comply with these obligations.

Pursuant to these laws, a borrower may seek to vary a loan agreement or reduce the amount payable and repayable under the loan, or seek a refund of monies paid under a loan agreement. Where any modification to a loan is made, you may be compensated by the Provision Fund as a result of those changes, however, the Provision Fund does not provide a guarantee of any kind and it is not an insurance product. See [Section 8](#) for more information on the Provision Fund.

Inability to exercise rights in relation to loans

You are not party to any borrower loan contract, and therefore you have no direct ability to administer or enforce any loan contract. Rather, your rights and obligations in relation to loans are governed primarily by the Constitution and this PDS. RateSetter has the sole discretion to administer and enforce loans.

Interest rates may fall

The interest rates at which you may be able to lend your funds may fall and consequently your returns may fall over time.

External dispute resolution

Members and borrowers may have the right to refer any complaint to the Australian Financial Complaints Authority (AFCA). Your investment may be impacted if, as a result of any dispute referred to AFCA, payments due under a loan are delayed, or a variation is required to be made to a loan agreement that relates to a loan to which your funds are matched. You may be protected by RateSetter making a claim to the Provision Fund, however, there is no guarantee nor warranty as to any protection from the Provision Fund, and as such you may suffer financial loss as a consequence of any dispute referred to AFCA.

Differences in credit risks associated with loans to individuals versus loans to businesses

There may be differences in the credit risks associated with loans to individuals versus loans to businesses. Loans to businesses may be riskier than loans to individuals on an economy wide basis, however, there can be no certainty as to the relative riskiness of the loans RateSetter facilitates to individuals versus those loans RateSetter facilitates to businesses.

Applicant information and loan purpose risk

Credit and other information that we receive about loan application may be inaccurate. This may include inaccurate information about the applicant's current circumstances or the purposes for which the borrower intends to use loan proceeds. We may take measures to confirm information relating to the application or the loan purpose, including in relation to a loan funded via the National Clean Energy lending market or South Australia Renewable Energy Loan lending market, but this does not guarantee that a borrower will utilise funds for the purpose they claim.

Waiver of principal or interest owed by borrower

As part of the administration of a borrower's loan, we may waive the requirement for a borrower to repay an amount of principal or interest owed. In such an event your investment may be protected by RateSetter making a claim to the Provision Fund, however, there is no guarantee nor warranty as to any protection from the Provision Fund, and as such you may suffer financial loss as a consequence of such arrangements being agreed with a borrower.

Other significant business lending-specific risks

Business applicant information risk

Credit and other information that we receive about business loan applicants, whether directly from the applicant or from third parties such as credit bureaus, may be inaccurate or may not accurately reflect the borrower's creditworthiness. This may include inaccurate information about the applicant's current circumstances, and also the applicant's forecast circumstances, including financial performance. Inaccurate or incorrect applicant information may negatively impact our ability to assess the risk represented by an applicant and our ability to determine an appropriate Risk Assurance Charge.

Business borrower performance risk

Where a borrower is a business, the borrower's ability to repay their loan may be negatively impacted by, amongst other things:

- Adverse industry developments, including for example, increased industry competition, adverse regulatory developments or industry obsolescence
- Business cash flow problems, resulting from amongst other things, reduced revenue, business seasonality, unexpected costs, adverse input price movements or the failure of customers to make payments
- Unexpected business developments, ranging from product failure to litigation

Business loan security risks

A loan to a business may be secured over assets of the business or other assets pledged by a director, shareholder or other third party. The types of property that may be eligible to be used as security for a business loan include real property (such as freehold business premises), tangible property (including plant and machinery, vehicles and business stock) and intangible property (including accounts receivable and intellectual property rights). Where appropriate, the security interests may be registered with the PPSR or state land information registry or as appropriate.

In circumstances where your funds are matched to a secured business loan and where investors funding that loan are not fully compensated by the Provision Fund in the event of a default, your investment may be impacted if the realisable value of the security is not sufficient to cover the full repayment of the loan and interest. In other words, even if a business loan is secured, its repayment is not guaranteed.

The proceeds that may be obtained from the enforcement of any security interest may be affected by, amongst other things:

- Any other property or security interests obtained by other creditors over specific or general property of the business, especially if security interests taken by RateSetter are subordinated to those of other creditors of the business
- If the business is insolvent or is under administration
- Legal proceedings that relate to the property against which a security interest is held
- The market value of the property against which the security interest is taken

Business borrower insolvency risk

Where a borrower is a business, the borrower's ability to repay their loan may be negatively impacted if that business becomes insolvent, for example, because the business enters into liquidation or voluntary administration, or is placed into receivership.

Business borrower guarantor risk

In addition to or instead of taking a security interest, RateSetter may agree with a business borrower that a principal or related party of the business borrower, such as a partner or director, will act as guarantor for a loan. This ordinarily means the guarantor agrees that, in the event of a default by the business borrower, the guarantor will be liable to pay the debt owed by the business borrower.

In circumstances where your funds are matched to a business loan and where investors funding that loan are not fully compensated by the Provision Fund in the event of a default, you may benefit from amounts paid by a guarantor. However, your investment may be impacted if the guarantor fails to pay the amount owing, for example, because any guarantor is bankrupt or dies. In other words, even if a business loan has a guarantor, its repayment is not assured.

Business loan collections risk

In circumstances where your funds are matched to a business loan and where investors funding that loan are not fully compensated by the Provision Fund in the event of a default, your investment may be impacted if funds recovered from a borrower in default through collection processes are insufficient to cover the full repayment of the loan or interest owing. In other words, repayment of a loan or outstanding interest through collections activity is not guaranteed. In particular, the effectiveness of collection processes may be affected by, amongst other things:

- A business borrower becoming insolvent, for example, because the business enters into liquidation or voluntary administration, or is placed into receivership
- The outcome of any liquidation, voluntary administration or receivership, and the agreements which may be reached with business creditors about how their debts are to be compromised
- Amounts owed by a business borrower to other creditors

Other significant general risks

Legal and regulatory (including tax)

Changes in laws, including taxation laws, laws regulating peer-to-peer lending, or laws or regulations relating to lending more generally or their interpretation, including changes in the practice and policy of regulators (including the Australian Taxation Office), may have a negative impact on your investment.

Interest rate volatility

The interest rates you achieve through your investment may fluctuate over time. A fall in interest rates may result from a broad range of factors, ranging from an economy-wide shift in interest rates through to an increased supply of investor funds in a specific lending market. RateSetter may also apply a different interest rate limit to a lending market from time to time.

Inflation

Your investment may not keep pace with inflation.

Investment objective

Investment objective risk is the risk that your choice of investments will not meet your objectives. One measure of an investment's risk is how much returns vary from period to period. The greater the variance in returns, the more likely returns will differ from those expected over a given time period.

Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances. If you have any queries or uncertainties relating to aspects of this document or an investment in the RateSetter Lending Platform, please consult your adviser before deciding to invest.

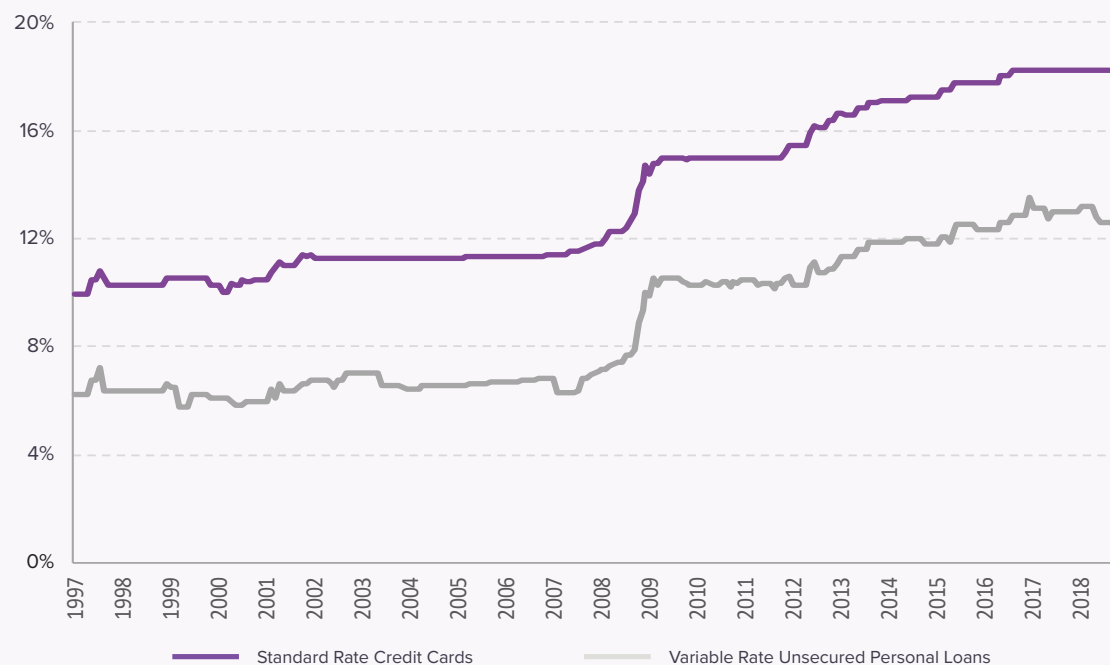
The peer-to-peer lending industry

5.1 Traditional saving and borrowing

Saving and borrowing through banks has remained fundamentally unchanged for centuries. In the simplest terms, savers receive interest from banks on their deposits and banks then use savers' funds to make loans to consumers and businesses at higher interest rates. Banks, as intermediaries, profit on the spread between saver rates and borrower rates.

It has become less clear that traditional saving and borrowing provides Australian consumers and businesses with value for money as financial markets evolve. Notably, the spread between the RBA cash rate and interest rate that consumers pay on unsecured personal loans and on credit cards has increased significantly. Between January 1997 and October 2018, the spread between the cash rate and standard credit cards rates increased by over 80% and the spread between the cash rate and variable rate unsecured personal loans increased by over 100%.

Personal Lending Rates Spread to cash rate January 1997 – October 2018



Source: RateSetter analysis, based on Monetary Policy Changes (A2) and Indicator Lending Rates (F5) datasets published by the RBA at <https://www.rba.gov.au/statistics/tables/>, October 2018.

5.2 Modern finance

Consumers and businesses now have an increasing range of alternatives in finance. Technology and innovation are making it possible for a new generation of financial services companies to provide greater choice, and in some instances, a better deal through utilising more efficient and transparent business models.

We believe peer-to-peer lending represents one of the most important examples of this evolution in financial services.

5.3 Peer-to-peer lending

In many ways, peer-to-peer lending takes borrowing and lending back to its roots.

Peer-to-peer lending can take a number of forms, although it is generally described as the practice of lending money to borrowers without the direct intermediation of a traditional financial institution, such as a bank. The practice of peer-to-peer lending takes place on online platforms and is typically facilitated by, amongst other things, sophisticated borrower identification and credit-checking capabilities. Loans matched between investors and borrowers on a platform are generally administered by the peer-to-peer lending operator, including the establishment of loan contracts, the facilitation of payments between borrower and investor and enforcement and collection processes in cases of borrower late payment or default.

Through allowing investors and borrowers to transact in an open and transparent marketplace, and through removing the need for costly branches and outlets, peer-to-peer lending can provide a new form of investment whilst also facilitating the provision of more affordable credit to creditworthy borrowers.

Since the peer-to-peer lending industry was founded over a decade ago, it has gained momentum in a number of countries, and is comparatively advanced in the United Kingdom and the United States of America where billions of dollars of loans are funded each year.

5.4 Peer-to-peer lending benefits to consumers and society

Peer-to-peer lending can deliver attractive financial outcomes to both investors and borrowers and can also deliver benefits to society. Examples of these benefits may include the following:

- Allowing investors and borrowers to achieve better interest rates by:
 - Reducing the costs associated with effecting loans by introducing more efficient loan application and loan maintenance processes
 - Introducing risk-based pricing for loans, allowing more creditworthy borrowers to effectively avoid subsidising lesser-quality borrowers
 - Increasing competition for investors and borrowers in markets traditionally dominated by a smaller number of large financial institutions
 - Allowing investors and borrowers to avoid having to fund the sometimes substantial profits generated by large traditional financial institutions
- Enhancing customer experiences through streamlined online user processes, user friendly account management and providing effective product-focused customer service
- Increasing credit availability in creditworthy sectors that are not adequately serviced by traditional financial institutions
- Reducing systematic risk in the financial system by diversifying financial resources away from a concentrated core of large financial institutions and removing the mismatch of shorter term liquid deposits and longer term illiquid loans

However, peer-to-peer lending is not without risk for investors. It is important you understand the risks of each peer-to-peer lending platform. Risks associated with the RateSetter Lending Platform are set out in [Section 4](#).

RateSetter background information

6.1 Introduction to RateSetter

RateSetter is the responsible entity of, and issuer of Interests in, the RateSetter Lending Platform. RateSetter holds an AFSL number 449176 authorising it to operate the RateSetter Lending Platform and provide associated financial services. As responsible entity of the RateSetter Lending Platform, RateSetter is responsible for ensuring that the RateSetter Lending Platform is operated in accordance with its Constitution and Compliance Plan, this PDS, and in accordance with the Corporations Act and general trust law. RateSetter also holds an ACL number 449176, which authorises it to engage in credit activities associated with lending to borrowers.

6.2 Associated companies

RateSetter is a wholly-owned subsidiary of Ratesetter Australia Pty Limited. Ratesetter Australia Pty Limited is an Australian domiciled business with a number of Australian domiciled shareholders and its own board of directors.

Ratesetter Australia Pty Limited is an associated entity of RateSetter UK, a company based in London, England. RateSetter UK was founded in 2009 and is one of the largest peer-to-peer lending operators globally. RateSetter UK provides certain intellectual property and technology to Ratesetter Australia Pty Limited under a licence agreement.

Ratesetter Australia Pty Limited is contracted to provide operational, information technology, human capital, financial and other resources to RateSetter pursuant to an outsourced services agreement. The operational resources and support provided by Ratesetter Australia Pty Limited include the operation, maintenance and support of information technology (including the website), as well as assistance with borrower assessment, customer identification and verification checks, loan administration and customer service. This services agreement can be terminated by RateSetter Australia Pty Limited with 6 months' notice, in certain circumstances, including where RateSetter is the subject of an insolvency event or RateSetter is in material breach of the agreement. Ratesetter Australia Pty Limited is paid fees for its provision of services to RateSetter.

6.3 Third party service providers

RateSetter has appointed Australian Executor Trustees under a custodian agreement to act as custodian for the RateSetter Lending Platform. The Custodian's primary role is to hold the assets of the RateSetter Lending Platform on behalf of RateSetter. The duties of the Custodian include:

- To hold and maintain legal title to the RateSetter Trust Account and loans of the RateSetter Lending Platform
- To be the legal lender-of-record in relation to loans made to borrowers
- To act on the specific instructions given by RateSetter and its authorised representatives in relation to assets of the RateSetter Lending Platform

The legal arrangements between RateSetter and the Custodian allow RateSetter to perform, on behalf of the Custodian, a number of actions in relation to loans, including issuing loan payment reminders to borrowers, communicating with borrowers in the case of late payment or default and referral of borrowers to specialist external collection agencies in the case of a loan default.

Australian Executor Trustees Limited has no supervisory role in relation to the operation of the RateSetter Lending Platform and has no liability or responsibility to a member for any act done or omission made in accordance with the Custodian Agreement.

6.4 Memberships

RateSetter is a member of AFCA, an external dispute resolution body (member number 32003).

6.5 Directors of RateSetter

The directors of RateSetter are Daniel Foggo, Benjamin Milsom and Glenn Riddell. A brief summary of the experience of each director is provided below:

- Daniel is the Chief Executive Officer of RateSetter. He holds over twenty years of finance experience. Prior to joining RateSetter, Daniel was a director of the investment banking division of Barclays Capital, the global investment bank, based in Sydney. His prior experience includes advising on mergers and acquisitions at Rothschild, the European financial advisory business, based in London. Daniel holds a Bachelor of Commerce (with Honours) in Economics and a Master of Business (with Distinction) in Finance. Daniel was named FinTech Leader of the Year at the inaugural Australian FinTech Awards in 2016 and is a representative on ASIC's Digital Finance Advisory Panel.
- Ben holds significant online financial services experience and has been involved in the peer-to-peer lending industry since 2007. Immediately prior to joining RateSetter, Ben was a Principal at Boston Partners, a boutique technology consultancy, providing advisory services for online technology companies with a focus on product development and marketing. Ben holds a Bachelor of Laws (with Honours) and a Bachelor of Engineering (with First Class Honours) in Computer Systems.
- Glenn holds significant online financial services experience and has been involved in the peer-to-peer lending industry since 2007. Immediately prior to joining RateSetter, Glenn was a Principal at Boston Partners, a boutique technology consultancy, where he led the product design and development of a number of online finance companies. Glenn holds a Bachelor of Commerce in Economics and Finance and a Master of Commerce (with First Class Honours) in Economics. Glenn was named CTO/CIO of the Year at the inaugural Australian FinTech Awards in 2016.

6.6 Directors of Ratesetter Australia Pty Limited

The directors of Ratesetter Australia Pty Limited, the parent company of RateSetter, are Daniel Foggo, Peter Behrens, Martin Dalgleish, Adrian MacKenzie, Neil Brown and Mary Ploughman. A brief summary of the experience of each director (other than Daniel, whose experience is set out in [Section 6.5](#)) is provided below:

- Peter is a director and co-founder of RateSetter UK, where he also holds the position of Chief Commercial Officer. Peter holds broad consumer finance, banking and legal experience. He is one of the world's most experienced peer-to-peer lending executives, having been a leader in the industry since 2009. Peter's prior experience includes being a specialist originator and manager of commercial real estate loans at Laxfield Capital Limited, having broad loan origination and funding responsibilities at the Royal Bank of Scotland plc, and practising as a solicitor at Ashurst LLP, a global law firm, in London.
- Martin is an experienced technology company executive, director and investor. He holds over twenty-five years' experience in technology, consumer, telecoms and media with leading brands including Publishing and Broadcasting Limited, Singtel Optus Pty Limited, Dixons Retail Plc, The Rank Organisation Plc, PepsiCo Australia Holdings Pty Ltd and IBM Australia Limited.

- Adrian is the founder and a partner of Five V Capital, a private equity firm that invests in leading mid-market Australian and New Zealand businesses with strong growth potential. Adrian is a highly experienced investor with over 20 years' private equity experience. Prior to Five V Capital, Adrian was a Managing Partner and board member at leading global private equity firm CVC Capital Partners, where he helped found the Asia Pacific and Australian offices. Adrian is also a board member of Carriageworks, the contemporary multi-arts centre based in Redfern, New South Wales. Angus Whitehead, Investment Professional at Five V Capital, is Adrian's alternate director.
- Neil is Head of Private Equity at Federation Asset Management, an investment firm that invests in renewable energy, real estate and growth businesses. Prior to Federation Asset Management, Neil was a Division Director within Macquarie Group's Corporate and Asset Finance Principal Finance team, the balance sheet investment arm of Macquarie Bank. He has more than a decade's experience in investment, investment management and corporate advisory across a wide range of sectors, including energy, infrastructure, transport, financials, and real estate. Cameron Brownjohn, Chief Executive Officer of Federation Asset Management, is Neil's alternate director.
- Mary is an experienced Non-Executive Director and CEO, with particular expertise in wholesale funding and securitisation markets. Mary was a Non-Executive Director Sydney Motorway Corporation until its sale to Transurban in 2018 and was Deputy Chair of the Australia Securitisation forum from 2013 to 2017. Mary was Joint CEO of Resimac Group Ltd until 2019. Prior to Resimac, Mary worked at Price Waterhouse Coopers, and Macquarie Bank.

6.7 Responsible Managers and Compliance Committee

The Responsible Managers of RateSetter are Robert Bishop, Daniel Foggo and Peter Behrens.

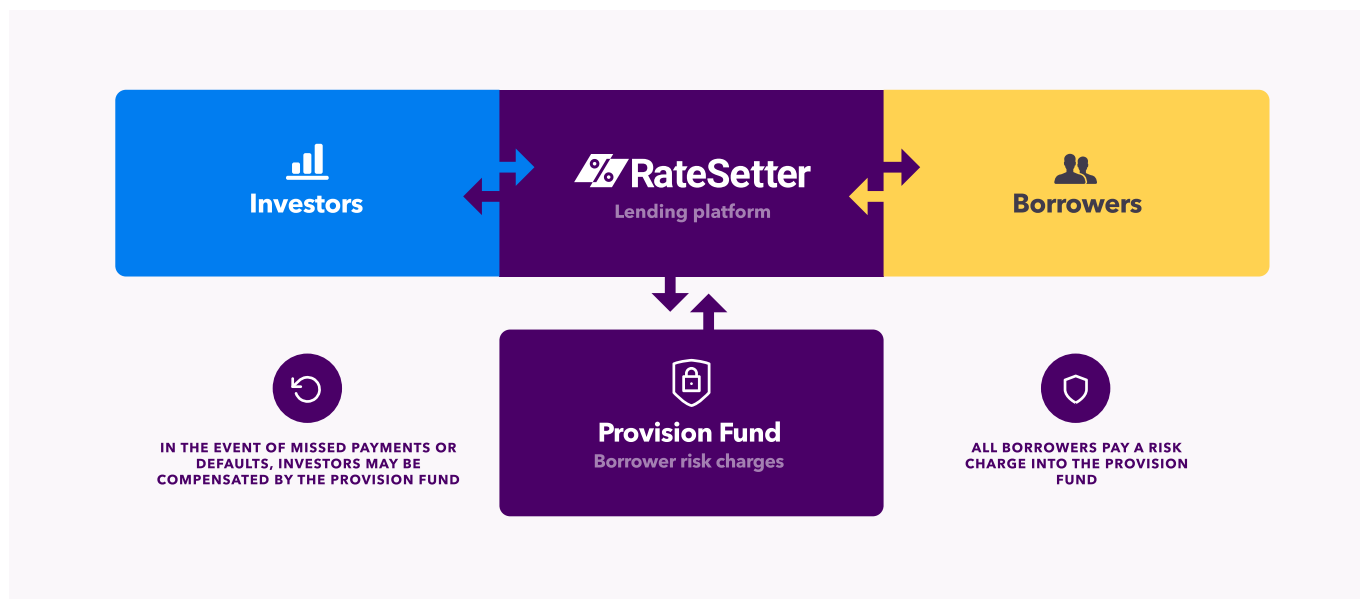
Robert holds over thirty-five years of legal, financial and compliance experience, gained at firms including Linklaters & Paines, Allen Allen & Hemsley, Ord Minnett and Robert Fleming. Robert has acted as an independent corporate finance and compliance advisor since 1998 at his Sydney-based corporate finance business, First Capital Markets. Robert has significant experience acting as a responsible manager for AFSL holders, with extensive experience in, amongst other things, fundraising, chairing compliance committees and providing AFSL and compliance advice. Robert holds a number of other responsible manager and compliance committee roles, and is an executive director of ASX-listed PharmAust Limited and its related company Pitney Pharmaceuticals Pty Limited.

RateSetter has established a Compliance Committee in respect of the RateSetter Lending Platform comprising three members, two of whom are external to the board and management of the Responsible Entity. The Compliance Committee chairman is Robert Bishop, and the Compliance Committee has two additional external committee members. The function of the Compliance Committee includes monitoring the extent to which the Responsible Entity complies with the Compliance Plan and reporting to the Responsible Entity any breaches of the Corporations Act or the Constitution of which the Compliance Committee becomes aware or suspects. The Compliance Committee meets at least quarterly.

How the RateSetter Lending Platform works

7.1 RateSetter Lending Platform overview

RateSetter matches investors with creditworthy borrowers who want a simple, competitive loan. RateSetter established the RateSetter Lending Platform, a registered managed investment scheme. The RateSetter Lending Platform is structured such that each investor has a distinct economic interest in the different loans to which they are matched. Borrowers are not members of the RateSetter Lending Platform.



Note: This diagram is for illustrative purposes only. The lender of record is the Custodian, and borrowers have a loan contract with the Custodian and not individual investors.

RateSetter manages the interaction between investors and borrowers utilising innovative peer-to-peer lending information technology-led systems. RateSetter borrowers are creditworthy Australian individuals or businesses who have decided to find an alternative to the big banks and large traditional financial institutions.

Amongst other things, RateSetter is responsible for performing the following functions:

- The receiving and considering of applications for membership of the RateSetter Lending Platform, and performing various checks including identification and verification checks required under anti-money laundering legislation
- The receiving and holding members' funds on trust
- The undertaking of identity verification and anti-fraud checks on prospective borrowers
- The undertaking of credit risk analysis, loan affordability checks and loan suitability assessments on borrowers
- The calculating of any Risk Assurance Charge for a borrower loan request

- For secured loans, the registration of security interests on the PPSR or state land information registry, where relevant
- On instruction, matching investor funds with borrower loans
- Establishing and administering loan agreements with borrowers (via the Custodian)
- Processing loan payments including the set-up and maintenance of scheduled borrower payments and the allocation of principal and interest payments to investors
- Managing collection processes in the event of borrower late payment or default
- Making claims, on a discretionary basis, to the Provision Fund on behalf of investors where a borrower's loan payment is late or a borrower defaults on their loan
- Providing account information and loan management services

Investing in the RateSetter Lending Platform is not without risk. It is important that you read and understand each of the risks set out in [Section 4](#). If you have any queries or uncertainties relating to this document or any investment in the RateSetter Lending Platform, please consult your adviser before deciding whether to invest.

7.2 Lending to borrowers on the RateSetter Lending Platform

Before you can lend, you are required to register on the website, read this PDS, apply to become a member of the RateSetter Lending Platform via the website, and then, assuming your application is successful, transfer in funds. These steps must be completed online at www.ratesetter.com.au.

Lending to borrowers on the RateSetter platform



To learn more about how to apply, please see [Section 13](#).

7.3 Your RateSetter account

Your RateSetter Account, which is accessible on the website, shows your investment balances according to the following categories:

- **'holding account'** – your funds waiting to be lent to borrowers or to be withdrawn by you. These funds are held in the RateSetter Trust Account
- **'on market'** – your funds allocated to orders (which may or may not be matched to a loan) made by you but yet to be lent. These funds are held in the RateSetter Trust Account
- **'on loan'** – your funds currently on loan to a borrower or series of borrowers

The 'Your Lending' section of the website provides you with a summary of your balances, and also summarises the amounts transferred in to your holding account, interest earned on funds you have loaned to borrowers, and withdrawals you have made to your nominated bank account.

No interest is paid on your funds that are in your holding account or that are on market.

7.4 How investor funds are matched to borrowers

When you login to your RateSetter Account and make an instruction for a specific amount of your funds to be lent in a particular lending market and at a specific interest rate, this is referred to as an 'order'. The matching process for any order to a loan or series of loans is performed on our online lending information technology system, with lower rate orders filled in priority to higher rate orders, and where order rates are the same, on a first order made - first order filled basis.

You do not determine the specific loans to which your order is matched. Your funds may be matched to the loans of borrowers of differing creditworthiness, to secured or unsecured loans, and to loans of individuals or businesses. Loan funds may be paid to a borrower, or may be paid to third parties as directed by the borrower, such as to an automotive dealership where the borrower is purchasing an automobile. Your funds may be matched to a loan made to a borrower directly or may be matched to a facilitating loan to the Early Access Facilitating Partner, where your funds are used to replace the funds of another investor already matched to a loan who is seeking to exit that loan. See [Section 7.12](#) for more information about early access transfers.

Your order may be matched to a single loan or multiple loans. Whether your order is matched to one loan or multiple loans may depend on the amount of your order, the rate of your order, the time your order was made relative to other orders in that lending market and the number and amount of loans available to be funded in that lending market. You are not informed as to the proportion of a loan that your order has funded.

The time it takes for your order to be matched to a loan or series of loans can vary from a few seconds to several days or more. This will depend primarily on the size of your order, the interest rate you specify for your order, and the level of demand from approved borrowers for funds in the lending market in which your order is made. Generally, the lower the interest rate you specify for your order the more quickly your funds are likely to be matched. The rate you specify for your order is the lowest rate at which your funds will be matched, although your funds may be matched at a higher rate.

When you make an order, your holding account balance is reduced by the amount of the order and your on market balance increases accordingly. When your funds are matched to a loan, your on market balance may remain unaffected until the loan has been formed (when a borrower becomes contractually bound to a loan agreement). After the loan has been formed, your on market balance will reduce and your on loan balance will increase accordingly.

In circumstances where your funds are matched to a loan, but that loan is not drawn down by the borrower and that loan is consequently cancelled, your funds will remain on market until they are matched to another loan (or your lending order is cancelled). This process will be performed by our information technology systems. The time it takes for your funds to be matched again can vary from a few seconds to several days or more.

You do not earn interest on your funds until a loan to which your funds have been matched has been formed and your funds have been recorded as 'on loan' in your RateSetter Account.

Your order can be changed or cancelled by you if it has not been matched to a loan or series of loans. If your order has been partially matched (that is, only a portion of your order has been matched to a loan or series of loans), you can change or cancel the order only in relation to the amount which has yet to be matched. If you cancel an order, your unmatched funds will be returned to your holding account.

One or multiple lending orders may be matched to a loan.

The lender of record for the RateSetter Lending Platform is the Custodian. You as an investor (and also other investors, to the extent the loan is funded by more than one investor) do not have a contract with the borrower and do not have any rights to determine how a loan is administered, nor do you have any ability to enforce your specific wishes in respect of a loan. Rather, when your funds are matched to a loan, your RateSetter Account is updated to reflect that you have an interest in the relevant loan, and your rights in respect of that loan are governed primarily by the Constitution and this PDS. In addition to your interests in a loan, you will also have interests in any associated ancillary arrangements which are entered into in connection with a loan to which you are matched.

The minimum funds in your holding account for an order or re-investment to be effected is currently \$10.

RateSetter reserves the right to refuse to submit your order to a lending market or to cancel your order without giving you prior notice.

7.5 Borrower loan payments

Loans are ordinarily governed by standard form loan contracts.

RateSetter allocates the interest and principal components of payments received to the investor or investors who fund a loan. Amounts charged to borrowers not as interest payable to investors (including borrower fees) are not allocated to investors but are retained by RateSetter on its own account. Where a loan has been funded by a single investor, the relevant amount of the payment received is allocated to the relevant investor. Where multiple investors are matched to a loan, the relevant amount of the payment received is apportioned between investors on the following basis:

- The interest component of the payment is allocated to the investors on a pro rata basis according to the proportion of the loan that each investor is funding and the relative interest rate at which each investor's order was matched; and
- The capital component of the payment is allocated to the investors on a pro rata basis, to the extent that any capital is due to the investor given the repayment profile of the lending market in which their funds were matched to the loan.

In addition to scheduled payments, a borrower may elect to make additional payments towards their outstanding loan. Any such additional payments made by a borrower are allocated to investors on the same basis that the principal component of a scheduled payment is made.

A borrower may also elect to repay their entire loan early, resulting in all investors who are funding that loan receiving their funds back earlier than anticipated.

7.6 Credit risk management

We maintain comprehensive policies and processes for the management of credit risk, whether arising in credit exposure, fraud, Provision Fund claim management or customer service activities.

RateSetter's credit policies, borrower risk assessment and fraud prevention procedures are subject to an ongoing process of development, supplemented by reviews and development by external credit experts as RateSetter considers appropriate.

Borrower risk assessment

RateSetter employs a credit risk assessment and loan underwriting process similar to that employed by banks and other traditional lenders in order to determine a borrower applicant's creditworthiness. These processes include applicant identity verification, anti-fraud checks, credit assessment and analysis of the applicant's capacity to repay their loan. This assessment may include evaluation of an applicant's credit history and performance on past and existing credit obligations through the procurement of credit bureau and other third party information.

Borrower risk assessment is ordinarily performed in three phases:

1. **Applicant assessment:** An analysis of an applicant's creditworthiness is undertaken, incorporating a review of information from credit-reporting bureaus, information provided by the applicant and potentially information from third parties. Depending on the applicant's risk profile, an applicant may or may not be accepted to proceed for further assessment.
2. **Risk Assurance Charges:** Information from the applicant assessment is used to determine the applicant's expected risk of default. The applicant's risk of default, as well as the amount, term and purpose of the loan for which they have applied and whether the loan is secured or unsecured, ordinarily form the basis of the Risk Assurance Charge the applicant would be required to pay to the Provision Fund at the time the loan is established or over the life of the loan (or a combination of both) if they proceed to become a borrower. A higher Risk Assurance Charge will not impact the interest rate earned by investors, nor does it increase the likelihood that an investor who has funded such a loan will receive compensation from the Provision Fund in the event of a borrower late payment or default.
3. **Credit assessment:** Prior to an application for credit being approved, a further underwriting process is ordinarily undertaken which may include assessment by a specialist credit officer. For an applicant who is an individual seeking a personal loan regulated by the NCCP this process may include one or all of the following:
 - Verification of the applicant's identity, to a standard consistent with obligations under anti-money laundering laws
 - Making reasonable efforts to assess the applicant's employment status, including assessing the likelihood of continued employment
 - Making reasonable efforts to assess the applicant's income, and the likelihood of continued income being sufficient to fulfil existing obligations and new loan repayments without inducing hardship
 - Making reasonable efforts to assess the applicant's claimed living expenses, for example from housing, food, and transport
 - Making reasonable efforts to verify the applicant's claimed loan purpose
 - Making reasonable efforts to verify the applicant's existing liabilities, including their existing debt obligations

- Where an applicant applies for a secured loan, confirming information in relation to the property proposed to be used as security
- Assessment of loan suitability, given the applicant's objectives, loan characteristics, and ability to service ongoing loan obligations without suffering hardship.

For a business applicant, the loan underwriting process ordinarily includes:

- Verification of the details of the business, its directors and its shareholders to a standard consistent with obligations under anti-money laundering laws
- Making reasonable efforts to verify the activities of the business are consistent with the industry sector stated by the applicant
- Making reasonable efforts to determine the period for which the applicant has been in business
- Making reasonable efforts to verify the applicant's claimed loan purpose
- Making reasonable efforts to verify the applicant's assets and liabilities, including their existing debt obligations
- Making reasonable efforts to verify the business' ability to service the loan through, for example, assessing the business' payment cycle, cashflow and overall cash position
- Making reasonable efforts to verify the overall financial position of the applicant to ensure the business is solvent

In the instance that your funds are matched to a facilitating loan to the Early Access Facilitating Partner, no separate credit assessment is performed in relation to that loan. This is because funds advanced under a facilitating loan are used by the Early Access Facilitating Partner to acquire an existing loan which was previously established in accordance with the above underwriting procedures. The credit risk of a facilitating loan reflects the credit risk of the early access loan to which that facilitating loan relates. See [Section 7.12](#) for more information about early access transfers.

Security interests

Where an applicant applies for a secured loan, they are required to provide details of the property over which a security interest may be registered. This includes information about the value of the property, whether the property is currently owned by the applicant and whether there are any existing security interests registered against the property.

RateSetter may take steps to verify the information provided by the applicant in relation to the relevant property, including requesting copies of proof of ownership, serial numbers, condition reports, valuation documents or other documents as relevant.

If RateSetter is able to facilitate the Custodian registering a security interest over the proposed property in relation to a loan, a borrower may benefit from a lower Risk Assurance Charge than what would otherwise be payable.

Security interests in personal property created under a secured loan agreement may be registered on the PPSR in the name of the Custodian. The PPSR is the Australian register administered by the Australian Financial Services Authority where security interests in personal property can be registered and searched.

Security interests in real property created under a secured loan agreement may be registered on the relevant state land information registry in the name of the Custodian.

Fraud prevention

Fraud prevention is an integral component of RateSetter's credit approval and loss management processes. Measures implemented to minimise vulnerability to fraud include:

- End-to-end online borrower identity verification, utilising, wherever possible, Federal Government Document Verification Service (**DVS**) data sources
- Undertaking fraud bureau checks with third party fraud reporting agencies prior to approving borrower credit applications
- Proprietary platform algorithms to detect signs of fraudulent applications
- Verification of borrower ownership of a nominated bank account held with an Australian ADI (employing end-to-end online verification where possible)
- Verification procedures to ensure that loan funds being disbursed are paid into a bank account belonging to the relevant borrower

Portfolio analysis

The portfolio risk of loans outstanding relative to RateSetter's risk objectives is monitored by RateSetter, informed by regular analysis and reporting.

7.7 Lending markets

There are five lending markets in which you can choose to lend. In each lending market your funds may be matched to secured or unsecured loans to creditworthy Australian-resident individuals or businesses.

The five available lending markets are set out below. It is important to note that your investment term may be shorter or longer than the indicative term of the lending market.

Lending markets and the funding of loans

Lending market	Indicative term	Indicative repayment profile	May investment be longer than indicative term?
1 Month Rolling	1 month minimum	Capital and interest is reinvested each month on a rolling basis, unless you elect not to reinvest borrower payments received in this market	Yes, up to 35 months if you elect not to reinvest borrower payments received and replacement investor funds are not available Yes, if the borrower is late in making payment and you are not compensated by the Provision Fund
3 Year Income	6 months - 3 years	Repaid in 6, 9, 12, 18, 24 or 36 approximately equal monthly instalments, comprising both capital and interest	Yes, if the borrower is late in making payment and you are not compensated by the Provision Fund
5 Year Income	6 months - 5 years	Repaid in 6, 9, 12, 18, 24, 36, 48 or 60 approximately equal monthly instalments, comprising both capital and interest, depending on the term of the loan to which your funds are matched	Yes, if the borrower is late in making payment and you are not compensated by the Provision Fund
National Clean Energy	3-7 years	Repaid in 36, 48, 60, 72 or 84 approximately equal monthly instalments, comprising both capital and interest, depending on the term of the loan to which your funds are matched	Yes, if the borrower is late in making payment and you are not compensated by the Provision Fund
South Australia Renewable Energy	3-7 years	Repaid in 36, 48, 60, 72 or 84 approximately equal monthly instalments, comprising both capital and interest, depending on the term of the loan to which your funds are matched	Yes, if the borrower is late in making payment and you are not compensated by the Provision Fund

Lending orders in the 1 Month Rolling market may be matched to loans that are up to three years in term. If you elect not to reinvest borrower payments received, at the borrower's next repayment date, your investment in a loan will be replaced by the funds of a different investor if funds from different investors are available. For example, at the end of the first month of a one year loan, the funds of the investor or investors who initially funded the loan and have elected not to reinvest borrower payments may be replaced by one or a series of other investors who at that time have created new lending orders in the 1 Month Rolling market.

Lending orders in the 3 Year Income lending markets may be matched to loans that are up to three years in term.

Lending orders in the 5 Year Income lending market may be matched to loans that are up to five years in term.

Lending orders in the National Clean Energy lending market and South Australia Renewable Energy lending market are matched to loans where borrowers have sought funding to purchase or install an Approved Clean Energy Product (see [Section 14](#) for more information). These loans may be three to seven years in term. To be funded by the South Australia Renewable Energy lending market, a borrower must be approved for a subsidy under the South Australia Home Battery Scheme and the loan must be used to purchase Approved Clean Energy Products to be installed at the same location in South Australia as the battery to which the South Australia Home Battery Scheme subsidy relates.

Where you are matched to a borrower as a result of an order in the 3 Year Income, 5 Year Income, National Clean Energy or South Australia Renewable Energy lending markets, you can view the indicative repayment profile of the loan to which you are matched in your RateSetter Account.

Potential repayment before end of indicative term

In all lending markets you may receive some or all of your investment back earlier than anticipated or prior to the end of the indicative term, due to:

- A borrower to whom your funds are on loan repaying all or part of their loan prior to the end of their loan term; or
- A borrower to whom your funds are on loan choosing to repay their existing loan because they have been approved for a higher amount loan; or
- A borrower to whom your funds are on loan changing the timing of their payments. For example, if a borrower payment schedule is changed per a borrower's request, this may alter the timing of the payments you receive.

Additionally, in the 3 Year Income, 5 Year Income, and National Clean Energy lending markets, the repayment profile may be shorter than the indicative term of the lending market due to your funds being matched to a facilitating loan used to effect an early access transfer from another investor. See [Section 7.12](#) for more information on early access transfers.

When funds are repaid, they are returned to your holding account or reinvested according to your reinvestment settings.

Investment longer than indicative term

Your funds invested in the 1 Month Rolling market may be required to remain committed to a loan or series of loans beyond the indicative term of the lending market. This may happen in circumstances where there are insufficient investor funds available in the relevant lending market beyond the funds replacement buffer to replace your funds at the end of the indicative term of your investment in a loan. This extended term could be as long as an additional thirty five months.

If your funds in the 1 Month Rolling market are committed to a loan or series of loans beyond the indicative term, your funds may be returned to your holding account if at a future date your investment in the relevant loan is able to be replaced with the funds of a different investor as a consequence of that investor creating a lending order, subject to the funds replacement buffer. The funds replacement buffer is the amount of funds that must remain on the 1 Month Rolling market after any existing investor funds are replaced (except where there are no investors whose funds are matched to a loan beyond the indicative term). The funds replacement buffer will be determined by us on an ongoing basis and be published on our website.

Where there are multiple loans whose investors' funds are committed beyond the indicative term, replacement funders are matched to those loans on a fair basis that prefers those loans for which investors have been matched beyond the indicative term the longest. This means that some investors may have their investment replaced earlier than other investors, even where the indicative terms of their original lending order are identical. Where there are multiple investors whose funds are committed to a loan beyond the indicative term, any replacement of investor funds in respect of that loan are made on a pro rata basis.

If your funds are committed to a loan beyond the indicative term in the 1 Month Rolling market, you will continue to receive interest and capital payments as the borrower makes scheduled payments (and potentially additional payments) or if you are compensated by the Provision Fund for any late borrower payment or default. The interest rate earned on your funds will remain the same.

For all lending markets, your investment may be longer than the indicative term in the event that a borrower or series of borrowers to whom your funds are matched are late in making payment and you are not compensated by the Provision Fund or other collection or recovery efforts.

7.8 Loan interest rates

When creating an order in a lending market you must specify the interest rate at which you are willing for your funds to be matched. To help you make a decision on what interest rate to specify, we publish on the website the last matched interest rate and also the order book (the amount of investor and borrower funds waiting to be matched at different interest rates) for each lending market.

Generally, the lower the interest rate you specify for your order, the more quickly your funds are likely to be matched. The interest rate you specify will always be the lowest interest rate at which your funds may be matched, and your funds may be matched at a higher interest rate.

The interest rate limit is the highest interest rate at which an order can be placed in a lending market and is determined by us from time to time and published on our website.

A lending order which is on market at an interest rate which exceeds the interest rate limit for that lending market will automatically be cancelled and funds returned to the investor's holding account, even where the relevant lending order was placed at an interest rate below the interest rate limit at the time it was made.

The interest rate you see on the website represents the net interest rate after any interest margin fees payable to RateSetter. The basis of the interest rate displayed differs by lending market:

- **1 Month Rolling:** the interest rate displayed represents the amount of interest you would receive annually, assuming your capital and interest is reinvested each month at the original interest rate
- **3 Year Income:** the interest rate displayed represents the amount of interest you would receive annually assuming that as payments are received, both capital and interest are reinvested for the remainder of the investment term at the original interest rate
- **5 Year Income:** the interest rate displayed represents the amount of interest you would receive annually assuming that as payments are received, both capital and interest are reinvested for the remainder of the investment term at the original interest rate
- **National Clean Energy and South Australia Renewable Energy:** the interest rate displayed represents the amount of interest you would receive annually assuming that as payments are received, both capital and interest are reinvested for the remainder of the investment term at the original interest rate

Importantly, all interest rates you see on the website assume that payments in relation to loans to which your funds are matched are made monthly. You may be matched to loans where payments are made more frequently.

Interest amounts on an outstanding loan balance is calculated daily and as such your interest payments may vary depending on the number of days in the relevant period. Interest is only earned and shown in your RateSetter Account when a payment is received.

The return you receive on funds committed to a loan within a lending market remains fixed until the end of the indicative term. In the 1 Month Rolling market, if you choose to reinvest your funds in the same lending market, your funds may be re-matched to the same loan although at a different interest rate.

The actual return you receive may exceed the interest rate at which you place your order. The actual return you receive over time may also be impacted by processing times, movements in the interest rates of each lending market between your investments in loans and borrower late payments or defaults. Further, your actual return may be impacted by one or more of the other risks as set out in [Section 4](#).

In all lending markets, if your funds are repaid earlier than anticipated (for example due to a borrower making additional payments or repaying their entire loan early), you may not be able to reinvest those funds at the same interest rate, which may mean that the actual interest rate you receive is different to the stated interest rate of your original investment.

In the 1 Month Rolling market, the capital you have invested in a loan may be returned to your holding account in multiple payments at different times. This may be because a portion of the capital you have invested in a loan may be replaced with another investor, whereas another portion of the capital you have invested in a loan may be returned from a borrower payment, which may be subject to longer processing times.

Due to NCCP restrictions, the maximum annual cost rate that a borrower who is an individual may be charged on any loan is 48%. Applications by individuals who would attract a higher interest rate (inclusive of all fees and charges) will not be accepted as a borrower by RateSetter.

A borrower's loan may be funded by multiple lending orders which are at different rates. As such, investors funding the same loan may earn different interest rates.

Where multiple investors have been matched to a loan at different interest rates, interest payable by the borrower to investors is determined using a blended rate that represents the weighted average of the different investor rates. A borrower will not see the different interest rates on investor funds that have funded their loan.

When a borrower places a loan offer on a lending market, all or part of the offer may be placed at an interest rate up to 0.2% lower than the lowest lending order in that lending market. If matched at this lower rate, the borrower's loan may consequently be funded at a lower rate than the rate the borrower offered to borrow funds.

7.9 Reinvestment options

You can elect to automatically reinvest payments received. You are able to access reinvestment settings by clicking on the 'Reinvestment' link in the 'Your Lending' section of the website. You are able to select:

- The lending market into which your reinvestments are made
- Whether the full payment is reinvested, or just the capital amount
- Whether your reinvestment is at the market rate or at a specific interest rate (selecting the market rate option may help to ensure your funds are re-invested relatively quickly)

The minimum funds in your holding account for an order or re-investment to be effected is currently \$10.

You can check the current rate of any order made as a result of your reinvestment settings by clicking on the link to the relevant lending market in the 'Your Loans and Orders' section of the website. You may choose to cancel or modify any such order as described in [Section 7.4](#).

If you become a member of the RateSetter Lending Platform after the date of this PDS, your reinvestment settings default to automatically reinvest borrower payments you receive into loans in the same lending market from which the payment came, at the market rate. You can modify your reinvestment settings at any time.

7.10 Withdrawing funds

One-off withdrawal from your holding account

You can withdraw some or all of your funds from your holding account by clicking the 'Withdraw' link on the left hand menu in the 'Your Lending' section of the website. You can request a withdrawal of cleared funds in your holding account at any time. After you have requested a withdrawal, RateSetter will transfer your funds to your nominated bank account, subject to required fraud checks. You will be notified by email when RateSetter has processed your withdrawal request. The timing of your receipt of funds may be impacted by processing times.

If you withdraw all funds from your holding account and do not have any funds 'on loan', you may in future be required to re-apply to become a member of the RateSetter Lending Platform.

The minimum amount for any withdrawal is \$1.

Automatic withdrawals from your holding account

Funds can be automatically withdrawn from your holding account to your nominated bank account as payments are made by borrowers. You may elect to have only the interest amount of payments withdrawn, in which case the capital component will be reinvested as per your reinvestment instructions.

To set up automatic withdrawals, see the 'Auto withdrawal' feature by clicking the 'Withdraw' link in the 'Your Lending' section of the website. Please note that for security reasons you will need to have made at least one successful one-off withdrawal before being able to utilise the automatic withdrawal feature.

If there are insufficient funds in your holding account to meet an automatic withdrawal request, no withdrawal is made, and you will be notified by email that the automatic withdrawal has not been successful. If an automatic withdrawal has not been successful, another automatic withdrawal will not be made until your next scheduled automatic withdrawal.

ASIC relief

ASIC has granted RateSetter conditional relief from the requirements of the Corporations Act dealing with withdrawals so that you may have access to funds in your holding account in the manner described above.

7.11 Borrower default and collections

A feature of lending money is that borrowers may be late in making their loan payments or may default on their loan. When this happens, RateSetter ensures a number of collection or debt recovery processes are undertaken. These processes are the same whether a borrower has a loan funded by one investor or multiple investors.

When a borrower is late in making a loan payment, we or a nominated third party may undertake a number of processes (other than making a claim on the Provision Fund for the benefit of the investor, see [Section 8](#)), including:

- Issuing the borrower with payment reminders or payment demands
- Re-submitting direct debit instructions to debit the funds from the borrower's bank account
- Where the borrower is an individual, contacting the borrower to discuss their circumstances and to ascertain whether they are experiencing hardship
- If appropriate, working with the borrower to develop alternative payment arrangements, including, where the borrower is a business, matching repayment amounts to expected cashflows
- Where the borrower is a business, issuing notices to directors or third-party guarantors to repay amounts due
- Where necessary, reporting non-payment to credit bureaus
- Appointing an external collection agency to pursue payments

Similarly, when a borrower defaults on their loan, we or a nominated third party may undertake, in addition to the processes outlined above, the following processes:

- Appointing an external collection agency to pursue the outstanding loan balance, including late payments, any late fees and any interest due
- Engage in legal processes, including, where appropriate, court action
- Where a loan is secured, appointing a specialist collection or recovery agency to exercise the security interest, repossess and sell the relevant property

Where a borrower has defaulted on a secured loan and the security interest is exercised, RateSetter may be unable to sell that property or the proceeds of any sale may not be sufficient to cover the full repayment of the loan. In other words, if a loan is secured, its repayment is not guaranteed.

When a borrower cannot be located, a specialist collections agency may be employed to locate the borrower and pursue collections processes including those outlined above. When a borrower has been declared bankrupt, RateSetter may lodge a claim with the official assignee for amounts owed.

If a borrower is a natural person and that person dies, their loan obligations are not extinguished. Once we have received a certified copy of their death certificate, we'll seek to provide the legal personal representative of their estate with the relevant details of the loan and the settlement figure. The borrower's legal personal representative can either pay off the outstanding amount in full, or set up new regular payments.

A loan will be considered to be in default if RateSetter determines that no further payments will likely be made by the borrower. RateSetter may consider a default to have occurred earlier in certain circumstances, for example if a borrower has been declared bankrupt, or later if RateSetter believes that the borrower will soon make payments or if the borrower is making payments under hardship arrangements.

RateSetter will consider whether it should make a claim to the Provision Fund to compensate an investor whose funds are matched to a borrower who is late in making payment or defaults on their loan. For more information about the Provision Fund, see [Section 8](#).

In the event that RateSetter does not make a claim to the Provision Fund, and RateSetter determines that a loan is in default, RateSetter may in its discretion assign the loan, including any related security interests, to a third party (such as a collections agency) for an amount it is able to negotiate, or to the Provision Fund trustee for \$1. In such circumstances the consideration received will be paid to the relevant investors in proportion to the amount of the loan that they funded.

In the event that a loan has been assigned to a third party or the Provision Fund, any future payments on that loan will not be received by the investor or investors whose funds were matched to that loan.

Investors do not have any direct rights of enforcement against borrowers or the Provision Fund in relation to borrower late payments or defaults.

In circumstances where a borrower is required to pay a late payment or payment dishonour fee, that fee does not accrue to investors.

7.12 Early access transfer

If your funds are matched to a loan or loans funded in the 3 Year Income, 5 Year Income, or National Clean Energy lending markets, you may be able to utilise the early access transfer feature to exit a portion or all of your investments in loans before the end of their indicative term.

The availability of the early access transfer feature is at our discretion and may cease to be available to you at any time. Further, an early access transfer request in respect of specific lending markets may not be fulfilled if:

- There are insufficient funds available from other investors to replace your interests;
- After execution the value of lending orders that would remain in the relevant lending market would be less than the early access lending market value limit for that market; or
- Replacement funders would be matched to the relevant facilitating loan at a rate above the early access transfer rate limit.

The early access lending market value limit and early access lending market rate limit are determined by us from time-to-time and published on our website.

You are not able to request an early access transfer in respect of a loan where your interest in that loan is less than \$10.

Early access transfers do not operate to directly transfer interests in a loan or loans from investors seeking to exit their interests in a loan (**outgoing investor**) to investors seeking to invest funds in loans (**replacement funders**). Instead, an outgoing investor's interests in a loan are assigned to and purchased by the Early Access Facilitating Partner acting for the Early Access Facility Trust, a special purpose trust which has been established for the purpose of acquiring outgoing investor loans (**early access loans**). The money for the acquisition of the outgoing investor's interests in a loan is provided by a separate loan that is funded by a replacement funder that is made to the Early Access Facilitating Partner (**facilitating loan**).

The amount paid to the outgoing investor by the Early Access Facility Trust in respect of transferred loans does not include any amount reflecting interest accrued but not yet paid.

Both the facilitating loan and the early access loan are funded from the same lending market. For example, where an early access loan was originally funded from the 3 Year Income lending market, the facilitating loan will also be funded by replacement funders lending in the 3 Year Income lending market.

The facilitating loan funded by replacement funders has limited recourse, via the Early Access Facilitating Partner, to the underlying early access loan. That is, where a borrower who is a party to an early access loan is late making in repayments or defaults, the Early Access Facilitating Partner may also not make payment to replacement funders in relation to the corresponding facilitating loan. In the event of a late payment or default in respect of a facilitating loan, RateSetter may make a claim on the Provision Fund on behalf of replacement funders, as described in [Section 8](#).

The term of a facilitating loan is the same as the remainder of the term of the relevant early access loan, to which the facilitating loan is referable. As a result, the term of any facilitating loan may be less than the indicative term of the lending market in which the replacement funder has made a lending order.

Where a borrower makes an early repayment in respect of an early access loan, the full amount of the borrower early repayment is paid to replacement funders in respect of a facilitating loan, except where the amount of the early repayment would be more than the outstanding balance of the facilitating loan, in which case, only an amount equal to the outstanding balance of the facilitating loan is paid to replacement funders.

In requesting an early access transfer, you do not select which loans you wish to transfer to the Early Access Facilitating Partner. Instead, you nominate a gross amount (before fees), being less than or equal to the total amount of loans funded from a particular lending market in your portfolio, you are seeking to transfer. RateSetter's technology platform will then select loans to facilitate the early access transfer of your specified amount in order of loans with the longest term remaining. An outgoing investor is required to pay the early access transaction fee to RateSetter for a successful early access transfer, being 1.5% of the value of the funds paid to the outgoing investor. See [Section 10](#) for more information on fees and costs.

Differences in interest rates between early access loans and facilitating loans

As the interest rate that applies to an outgoing investor's early access loan may differ to that of a replacement funder's facilitating loan, the value that an outgoing investor may receive for transferring their early access loan may be less than the current face value of that loan. For example, where the interest rate of a replacement funder's lending order is greater than the interest rate on the relevant early access loan, the early access loan will be discounted to ensure that the economic return expected by the replacement funder (given the rate specified in their lending order) is met while keeping payments under the early access loan the same.

By way of example, if an outgoing investor has a \$1,000 interest in a loan originally funded in the 3 Year Income lending market at a lending rate of 8% p.a. and the prevailing lending orders from replacement funders (and thus, the rate at which the facilitating loan will be funded) has increased to 10% p.a., the value the outgoing investor would receive in respect of the early access loan to be acquired by the Early Access Facilitating Partner would be discounted (based on the repayment schedule of the underlying borrower) to provide the replacement funder an equivalent economic return of 10% p.a.

Where an outgoing investor receives less than the face value of their loan following an early access transfer, they may be able to recognise the reduction in value of their loan interests as a tax or capital loss. See [Section 11](#) for more information about the tax implications of early access transfers.

7.13 Cancelling your RateSetter account

If you wish to cancel your RateSetter Account and your Interest in the RateSetter Lending Platform, you will need to contact us. You will not be able to cancel your RateSetter Account and your Interest until you have no funds on loan, and all of your funds have been withdrawn from your holding account. If we cancel your Interest, you cease being a member and you will need to re-apply in order to lend via the RateSetter Lending Platform.

The Provision Fund

8.1 Provision Fund overview

RateSetter UK was the first peer-to-peer lender globally to introduce the concept of a provision fund to help protect investors from financial loss in the event of a borrower default or late payment. This innovation represents a significant evolution in peer-to-peer lending, helping to make peer-to-peer lending simpler and safer for investors.

Members of the RateSetter Lending Platform may be protected by the Provision Fund against the effects of a borrower late payment or default.

The money in the Provision Fund comes from charges paid by borrowers. When a borrower applies for a loan they may be required to pay a Risk Assurance Charge, the amount of which is determined by a number of factors, such as their credit rating from independent credit reporting bureaus. The Risk Assurance Charge is paid into the Provision Fund at the time the loan is established or over the life of the loan (or a combination of both).

Although the Provision Fund is funded by borrowers, it has been established for the benefit of investors. RateSetter may in its discretion require the Provision Fund trustee to pay it an amount out of the Provision Fund so that RateSetter may compensate an investor for a loss arising from a borrower late payment or default.

RateSetter's objective is to ensure that the Provision Fund is sufficiently funded to be able to protect investors on an ongoing basis such that you do not suffer financial loss. However, **the Provision Fund is not a guarantee nor an insurance product**. In the event your funds are matched to the loan of a borrower who is late in making payment or defaults on their loan, you may not be fully or partially compensated by the Provision Fund for a number of reasons, including:

- RateSetter may elect to not make a claim to the Provision Fund
- RateSetter may elect to make only a partial claim to the Provision Fund
- The Provision Fund may not have sufficient funds to provide you with any compensation

The Provision Fund is established by a deed of trust. The trustee is The Trust Company. Consistent with the conditional relief granted to RateSetter by ASIC, the assets of the Provision Fund do not form part of the property of the RateSetter Lending Platform.

The money in the Provision Fund is held in cash. Any interest earned on the money in the Provision Fund over and above the fees of the Provision Fund trustee is retained by the Provision Fund.

RateSetter has no beneficial interest in the capital or income of the Provision Fund and it cannot use Provision Fund monies for its own purposes.

8.2 Provision Fund claims

RateSetter procured the establishment of the Provision Fund, under a trust deed, to help protect investors from financial loss in the event of a borrower late payment or default. RateSetter's objective is to ensure that the Provision Fund is sufficiently funded to be able to protect investors on an on-going basis such that you do not suffer financial loss. The past performance of the Provision Fund does not guarantee its ability to protect investors in the future.

In accordance with RateSetter's Provision Fund Policy, a decision on whether a claim should be made to the Provision Fund for a specific borrower late payment or default, and the amount of any such claim, is undertaken by the Provision Fund Claims Committee. Members of the Provision Fund Claims Committee are appointed by the directors of RateSetter. In accordance with the Provision Fund Policy the Provision Fund Claims Committee must have three members, at least two of whom must be directors of RateSetter.

The Provision Fund Claims Committee determines on a daily basis the claims that are to be made to the Provision Fund by RateSetter on behalf of investors. A potential claim is ordinarily first considered on the business day that RateSetter becomes aware of a borrower late payment. In determining the claims to be made to the Provision Fund, the Provision Fund Claims Committee will consider, amongst other things:

- The amount of money in the Provision Fund and the funds expected to be paid into the Provision Fund from existing borrowers
- The expected future claims to the Provision Fund from existing loans, as assessed by RateSetter
- Whether making a claim would be fair between members
- The likelihood of the borrower rectifying the late payment or default in a short timeframe
- The amount of the loss that may be suffered by the member
- The expected proceeds from assigning the relevant loan to a third party
- Whether the member has elected not to have RateSetter make any Provision Fund claims in respect of the borrower late payment or default

The Provision Fund Claims Committee does not take into consideration whether a loan to which a claim is related is secured or unsecured. Late payment or default in respect of a facilitating loan (due to the late payment or default by an underlying borrower who is a party to an early access loan) will be considered by the Provision Fund Claims Committee as if the replacement funders had funded the early access loan directly.

Where the Provision Fund buffer is greater than the value of expected losses, it is our expectation that the Provision Fund Claims Committee will make a claim to the Provision Fund to compensate investors for the full amount of any borrower late payment or default. If the Provision Fund Claims Committee determines that there may not be sufficient funds in the Provision Fund to cover all expected future losses (based on loans currently outstanding), then it may reduce the amount it seeks to claim from the Provision Fund to compensate for borrower late payment or default. For example, the Provision Fund Claims Committee may make a claim on the Provision Fund to compensate an investor for amounts of unpaid principal, but not interest, or may decide to delay any claim for interest until a later date.

Where a payment (or part of a payment) made to an investor from the Provision Fund is to compensate for a loss of interest, RateSetter may deduct from that payment (or part of a payment) the interest margin fee. See [Section 10](#) for further information on this fee.

RateSetter has adopted policies to manage any potential or actual conflicts of interest in relation to claims on the Provision Fund, as described in [Section 12.3](#). The Provision Fund is audited annually by external auditors.

The amount of money in the Provision Fund, the value of expected payments into the Provision Fund from existing borrower loans as well as the value of borrower defaults we expect from outstanding loans, are regularly updated on the website.

8.3 Provision Fund on wind-up

In the event that the RateSetter Lending Platform is wound up, you will have no entitlement to any residual funds in the Provision Fund.

In the event that the RateSetter Lending Platform is wound up, the assets of the Provision Fund are to be distributed in accordance with the Provision Fund trust deed and the Constitution.

To the extent that there are any funds in the Provision Fund once all loans have been repaid by borrowers on the winding up of the RateSetter Lending Platform, the trustee of the Provision Fund will apply the remaining funds firstly to cover any losses, liabilities and expenses incurred by the Provision Fund or owing to the trustee of the Provision Fund, and then:

- To a fund selected by RateSetter which has the same or a similar purpose as the Provision Fund (namely, to compensate investors) and which is operated by RateSetter or a company which is associated directly or indirectly with RateSetter in respect of loans made to borrowers; or
- If there is no fund which satisfies the above description, towards such charitable purposes as the trustee of the Provision Fund may choose.

Commonly asked questions

This section contains a selection of commonly asked questions about RateSetter and how the RateSetter Lending Platform works. If you have any other questions, please contact our customer services team on 1300 768 710 or contact@ratesetter.com.au.

9.1 About RateSetter

Is RateSetter a bank?

RateSetter is not a bank and an investment in the RateSetter Lending Platform is not a bank account. RateSetter is not authorised under the Banking Act, is not supervised by the Australia Prudential Regulation Authority, and your investment in the RateSetter Lending Platform is not covered by the Financial Claims Scheme or depositor protection provisions in section 13A of the Banking Act.

RateSetter is licenced by ASIC, holding an AFSL (number 449176) and an ACL (number 449176). The RateSetter Lending Platform ARSN 169 500 449 is registered with ASIC.

9.2 Making loans

Where is money held before it is lent?

Funds in your holding account or on market are held on trust in an account with an Australian ADI held under the name of Australian Executor Trustees, the appointed custodian for the RateSetter Lending Platform.

Can a company or a trustee of a trust or a superannuation fund lend via the RateSetter Lending Platform?

Yes, provided that they make an application to become a member and are accepted as a member.

Can you transfer in funds by cheque or cash?

No. We can only accept payments which are transferred to the RateSetter Trust Account by bank transfer or BPAY.

Why is the rate of interest I receive less than the rate shown online?

The interest rates displayed on the website are shown on a net basis, after our interest margin fee has been deducted. Our displayed rates of return in some lending markets assume that you reinvest payments you receive in the same lending market and at the original investment rate. If your calculated rate of return is less, it may be that you have not reinvested your payments, or you have reinvested them at a different interest rate. See [Section 7.8](#) for more information.

How much am I charged for lending through the RateSetter Lending Platform?

RateSetter generates revenue by charging you 10 percent of the gross interest earned on funds you have on loan to borrowers. This fee is the 'interest margin fee'. RateSetter also charges a fee equal to the interest generated on cash held in the RateSetter Trust Account. We may also charge fees which are paid by borrowers, including fees for assisting a borrower to enter into a loan via the RateSetter Lending Platform, monthly loan service fees, late payment fees and payment dishonour fees. Investors do not receive the benefit of these fees.

See [Section 10](#) for more information about fees and other costs.

How do I change the interest rate of an order already on market?

Login to your RateSetter Account and click on 'Your Lending'. On the left side of the page, under 'Your Loans and Orders', click the relevant lending market which contains the order you would like to change. Click the plus sign next to 'Unmatched' to expand that section. You can then click the 'Change' link or 'Cancel' link on the right side of the order number.

How are loans repaid?

Borrowers are required to repay loans, most commonly on a monthly basis although repayment terms may vary. In some cases, a third party may make repayments of amounts of interest or principal on behalf of a borrower. Loan repayments are made by direct debit, BPAY or bank transfer. The dates of payments are ordinarily defined according to the borrower's loan schedule. Borrowers can apply to change their payment date. Any such changes to a loan to which your funds are matched may impact the timing of your borrower payments and will be reflected in your RateSetter Account under the 'Your Portfolio' section of the website.

Your schedule of payments is also impacted by the lending market in which you have decided to lend, as explained in [Section 7.7](#).

To view your payments, click 'Your Portfolio' on the left menu bar. On this page, you can select a month to see all payments you have received, and any payments you are scheduled to receive in the future.

Who are the borrowers?

RateSetter borrowers are creditworthy Australian-resident individuals and Australian-resident businesses. Importantly, no credit, fraud, affordability or unsuitability checking information about borrowers is displayed on the website. Further, neither an investor nor a borrower obtains or has access to any personal or commercially sensitive information about each other.

Borrowers are not members of the RateSetter Lending Platform.

For what purposes are borrowers provided loans?

Borrowers may be seeking a loan for a large number of reasons. In the case of an individual, this may include to fund the purchase of a car, home improvement, an investment, professional services or to consolidate existing debts. In the case of a business, this may be to fund working capital, new plant, new equipment, the purchase of property or other forms of expenditure or investment. We carefully identify, credit assess and affordability assess a loan applicant to understand their financial position and ability to service a loan as described in [Section 7](#). Our stringent processes may mean that we decline many of the applications for loans that we receive.

Are loans to borrowers secured or unsecured?

Loans to borrowers may be secured or unsecured, whether those loans are to individuals or businesses.

Are loans to individuals or businesses?

Loans may be to creditworthy individuals or businesses.

What types of businesses may be approved for loans?

Businesses that may be approved for loans may be active in any industry and may be at any stage of development (although ordinarily a business will have to have been operating for a minimum of two years). However, a business will need to meet RateSetter's loan assessment and credit criteria, which take into account our assessment of the business' propensity and financial capacity to fulfil their obligations under a proposed loan contract at the time of assessment.

How does RateSetter collect payments from borrowers?

Borrowers are required to make loan payments by BPAY, direct debit or bank transfer. Borrowers may also make additional payments towards their loan by BPAY or bank transfer.

What happens if a borrower misses a payment?

An unfortunate feature of lending money is that occasionally borrowers are late with their payments or default on their loan. When this happens RateSetter may make a claim to the Provision Fund to reimburse you. The Provision Fund is not a guarantee nor an insurance product. See [Section 8](#) for further information about the Provision Fund.

Can a borrower repay a loan early?

Yes. A borrower can ordinarily repay a loan at any time. This means that your funds may be returned to your holding account before you expect. We may notify you if a borrower to whom your funds are matched elects to repay the entire amount of their loan, although we may not notify you if they only repay early a portion of their loan. You should therefore check your holding account regularly to check its balance, and you may consider utilising the loan reinvestment options available through your RateSetter Account to help ensure you do not have funds sitting idle in your holding account for a prolonged period.

Can you elect to receive the interest and reinvest the capital?

Yes. Your RateSetter Account has a feature which allows you reinvest only the capital component of any loan repayment. This will allow you to receive an income into your holding account, whilst leaving the capital invested. Alternatively, you can choose to automatically reinvest both the capital and interest. You can select these settings for each lending market in the 'Reinvestment' link on the website.

Your RateSetter Account also features an automatic withdrawal feature, which enables you to automatically withdraw funds from your holding account to your nominated bank account. Transfers can be set at particular intervals and you can choose the specific day on which the funds are withdrawn.

Please note that, for security reasons, you will need to have made at least one successful one-off withdrawal before being able to use the automatic withdrawal feature.

What happens if either party dies during the life of a loan?

If an investor dies, we are able in some circumstances to transfer the investor's account into another person's name. We will comply with all reasonable requests provided by the legal personal representative in respect of an estate regarding a deceased investor's account.

If a borrower is a natural person and that person dies, their loan contract still stands. Once we have received a certified copy of their death certificate, we'll seek to provide the legal personal representative of their estate with the relevant details of the loan and the settlement figure. The borrower's legal personal representative can either pay off the outstanding amount in full or set up new regular loan payments.

How do I transfer in funds?

Once you have registered and then been approved as an investor, you can transfer in funds to your holding account by bank transfer or BPAY. To transfer in funds, login to the website and click on the 'Transfer Funds In' link.

If I transfer in funds to my holding account, how long until they are matched to a borrower?

You will need to make an order in a lending market before your funds can be matched to a loan or series of loans. Once you've made an order, the time it takes to be matched can vary from a few minutes to several days or more. It depends on, amongst other things, the amount of your order, the rate of your order and the level of demand for loans from borrowers.

If I make an order, how long before it is matched to a borrower?

Once you've made an order, the time it takes to be matched can vary from a few minutes to several days or more. It depends on, amongst other things, the amount of your order, the rate of your order and the level of demand for loans from borrowers.

9.3 Borrowing money

What are the terms of a borrower's loan?

Loans to borrowers are ordinarily governed by standard form loan contracts and ancillary arrangements, where relevant. We make sure that each borrower receives a copy of prescribed disclosure documents and contracts that must be provided to them.

A borrower may benefit from a third party such as a retailer or service provider paying amounts of fees, interest or principal in relation to their loan under an ancillary arrangement or otherwise.

This PDS is not intended to provide those disclosures to borrowers and, if you are a borrower, you will need to read and agree to those borrower disclosure documents before you borrow money via the RateSetter Lending Platform.

Is there a limit on how much a borrower can borrow?

Every borrower is given a limit depending on, amongst other things, their credit history, financial position and ability to afford a loan.

What happens if a borrower loan is not matched with an investor immediately?

When a borrower places a loan order on the RateSetter Lending Platform which is not fully matched immediately, it may remain on market, ordinarily for up to 2 hours, although potentially longer in some circumstances. Any investor funds matched to the loan will not earn a return until the loan has been fully matched, the loan has been formed and your funds have been recorded as 'on loan' in your RateSetter Account.

If the loan is not formed the investor or investors' funds are reallocated to the relevant lending market to be available to be matched to another loan or series of loans.

Fees and other costs

10.1 Consumer advisory warning

The Corporations Act requires the Responsible Entity to include the following standard consumer advisory warning in this PDS. The information in the consumer advisory warning is standard across Product Disclosure Statements and is not specific to information on fees and other costs associated with an investment in the RateSetter Lending Platform.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

10.2 Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in [Section 11](#).

You should read all the information about fees and costs because it is important to understand their impact on your investment.

RateSetter Lending Platform

Table 1

Type of fee or cost	Amount	How and when paid
FEES WHEN YOUR FUNDS MOVE IN OR OUT OF THE MANAGED INVESTMENT PRODUCT		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	10% of gross interest (including payments like interest) received in relation to a loan to which your funds are matched.	The interest margin fee is paid at time that interest amount is allocated to an investor. The fee is not debited directly from your holding account.
	And	
	A fee equal to any interest generated on cash held for an investor in the RateSetter Trust Account (i.e. the bank account a member's funds are held in when they are not on loan).	The fee is paid within two business days after the RateSetter Trust Account is credited with interest. The fee is not debited directly from your holding account.
	And	
	Borrower fees, received from a borrower in relation to a loan to which your funds are matched. The average amount of this fee in the 2019 financial year was 3.67% of average net scheme assets.	These fees are charged to and paid by the borrower and may be charged at the establishment of a loan or during the term of the loan. These fees are not debited directly from your holding account. The precise amount of these fees in respect of your portfolio varies by the terms of the borrowers' loan contracts to which your funds are matched, and may vary by amount, term and source of a loan, whether a loan is secured or unsecured, whether a borrower requests same-day transfer of funds as well as whether a borrower meets the terms of their loan contract during the loan.
SERVICE FEES		
Switching fee The fee for changing investment options	Nil	Not applicable
Early access transaction fee The fee for using the early access transfer feature	1.5% of the value of the funds paid to the outgoing investor	This fee is charged to and paid by the outgoing investor upon receipt of funds paid pursuant to the early access transfer

10.3 Example of annual fees and costs

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products. The fees and costs shown in this table are an example only and are not additional to the fees and costs described in Table 1.

Table 2

EXAMPLE - RateSetter Lending Platform		
BALANCE OF \$50,000 WITH CONTRIBUTION OF \$5,000 DURING YEAR		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS management costs	0% p.a. + 10% interest margin fee deducted indirectly ¹ + fee equal to interest earned on your funds in the RateSetter Trust Account + borrower fees paid by a borrower or series of borrowers in connection with loans to which your funds are matched.	<p>And, for every \$50,000 you lend via the RateSetter Lending Platform, you will be charged \$478.28 each year.^{2,3} In addition, you will be charged a fee of \$2.24 assuming you contribute \$5,000 half way through the year and those funds are not lent via the RateSetter Lending Platform.⁴</p> <p>In addition, RateSetter will earn \$2,099.75 from borrower fees from each \$50,000 investment which you lend via the RateSetter Lending Platform. This is paid by the borrower or series of borrowers in connection with loans to which your funds are matched. Rates indicated on the RateSetter website are net of all fees (including borrower fees).^{5,6}</p>
EQUALS cost of fund		<p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from:</p> <p>\$2,578.03 to \$2,580.27⁷</p> <p>What it costs you will depend on the fees you negotiate.</p>

¹ The interest margin fee is the fee charged on interest (including payments like interest) earned from loans to which your funds are matched on the RateSetter Lending Platform.

² The amount of interest margin fees shown is an average calculated by dividing the total of all interest margin fees earned by RateSetter in FY19 across each \$50,000 investment.

³ The actual interest margin fee you will be charged will depend on the timing of investments in loans, the timing of payments received, whether you are exposed to any late payment or default without Provision Fund protection and whether capital and interest payments are reinvested.

⁴ Example assumes \$5,000 contribution is transferred in on the 1st July of the notional year, remains in your holding account, is not matched to any loans. The amount of interest earned on RateSetter trust account funds is an average calculated by dividing the total of all interest amounts earned on the RateSetter trust account in FY19, across each \$50,000 investment.

⁵ The amount of borrower fees shown is an average calculated by dividing the total of all borrower fees earned by RateSetter in FY19 across each \$50,000 investment.

⁶ The precise amount of borrower fees in respect of your portfolio varies by the terms of the borrower's loan contract to whom your funds are matched, and may vary by amount, term and source of the loan, whether the loan is secured or unsecured, whether the borrower requests same-day transfer of funds as well as whether the borrower meets the terms of their loan contract during the loan.

⁷ The total of \$2,578.03 is made up of the \$478.28 in interest margin charge which you pay and \$2,099.75 being the average borrower fees in relation to a \$50,000 investment.

And if you request an Early Access Transfer of some or all of your interests in loans, you may also be charged an Early Access Transaction Fee of 1.5% of the value of the funds paid to you pursuant to that early access transfer (\$750 for every \$50,000 paid to you).

10.4 Additional explanation of fees and costs

Interest margin fee

The interest margin fee is a fee paid to the Responsible Entity for operating the RateSetter Lending Platform. The amount is ten percent of the gross interest (including payments like interest) earned on the loans to which your funds are on loan, whether paid by the borrower or by a third party pursuant to an ancillary arrangement, or ten percent of any amount paid from the Provision Fund to compensate you for a loss of interest. The fee is not debited directly from your holding account, but is deducted from the gross interest amount of payments received in relation to loans to which your funds are on loan or from any amount paid from the Provision Fund to compensate you for a loss of interest. The Responsible Entity accrues the interest margin fee daily. The Responsible Entity is paid the interest margin fee within two business days of a payment being made.

The Constitution states that the Responsible Entity is entitled to charge an interest margin fee of an amount of up to twenty percent of the gross amount of any interest on a loan held in a member's portfolio.

Interest earned on RateSetter Trust Account funds

In addition to the interest margin fee, the Responsible Entity charges a fee equal to the interest generated on cash held for an investor in the RateSetter Trust Account. This fee is paid separately on an on-going basis to the Responsible Entity and is not deducted from any balances shown to investors in their holding account. The Responsible Entity accrues interest in the RateSetter Trust Account daily and is paid the interest within two business days after the account is credited with interest.

Borrower fees

The Responsible Entity may receive amounts which are charged to and paid by borrowers in relation to a loan to which your funds are matched. These amounts are not received as income by members but are received by the Responsible Entity on its own account. The precise amount of these fees in respect of your portfolio varies by the terms of the borrowers loan contract to whom your funds are matched and may vary by amount, term and source of the loan, whether the loan is secured or unsecured, whether the borrower requests same-day transfer of funds as well as whether the borrower meets the terms of their loan contract during the loan.

The fees that a borrower may pay are comprised of one or all of the following:

- A credit assistance fee, charged to the borrower at the establishment of their loan and added to the amount financed
- A platform servicing rate, charged to the borrower during the term of the loan. This amount is expressed as an annual percentage rate, and is paid when a borrower makes a payment in respect of their loan. This amount may form part of the interest rate disclosed to a borrower under the loan contract, but does not form part of the interest that is earned by investors in respect of a loan
- A monthly account keeping fee, charged to the borrower monthly and paid when a borrower makes a payment in respect of their loan
- An expedited loan transfer fee, charged to the borrower at the establishment of their loan in the event that they request a same day fund transfer via the Real Time Gross Settlements (RTGS) payment system
- A late payment fee, which may be charged at the Responsible Entity's discretion to a borrower who is late in making payments due under their loan

- A direct debit failure fee, charged to the borrower in the event that a direct debit payment is dishonoured by their bank
- A loan variation fee, charged at the Responsible Entity's discretion, to borrowers who request changes to the terms of their loan, including changes to repayment dates or scheduled repayment amounts
- A security registration fee, charged to borrowers for the registration of a security interest or other administration processes in relation to property that is or is proposed to be used as security under a secured loan
- Collection fees and costs, charged to borrowers to recover costs incurred by the Responsible Entity in undertaking collection activities, whether such costs are incurred by the Responsible Entity directly or an external collections agency

In some circumstances, a third party may pay some or all of these fees pursuant to an ancillary arrangement.

In the financial year ended 30 June 2019, borrower fees were 3.67% of average net scheme assets.

Interest rates shown to investors on the RateSetter website are net interest rates, shown after the deduction of the interest margin fee and borrower fees.

Early access transaction fee

The early access transaction fee is payable by the outgoing investor to the Responsible Entity in respect of loans that are transferred using the early access transfer feature. The amount of the fee is 1.5% of the amount paid to the investor who is transferring their interests in a loan or loans (outgoing investor) following an early access transfer. The early access transaction fee is deducted from the amount of funds paid to the outgoing investor by the Early Access Facility Trust.

10.5 Changes in fees or costs

It is possible for the Responsible Entity's fees and costs to change up to the maximum amount specified in the Constitution, and we may do so without your consent. If there is any proposed increase, we will advise you in writing at least 30 days prior to the date that the increase takes effect. In addition, any increase in our interest margin fee will not apply to any funds on loan at the time the increase is implemented until those funds are reinvested.

10.6 Other payments

Where permitted by law, RateSetter may make payments to third parties in respect of the RateSetter Lending Platform out of its own funds.

Distribution payments

RateSetter may, at its discretion, enter into a variety of arrangements with service providers such as master fund and IDPS operators which may involve us making payments to these operators for the costs associated with offering RateSetter Lending Platform on their investment menu.

Any such payments are paid by RateSetter out of its own funds and are not an additional cost to you.

Alternative forms of remuneration

RateSetter may pay, out of its own funds, alternative forms of remuneration which include professional development, sponsorship and entertainment for licensed financial advisers, dealer groups and master trust or IDPS operators. Where such benefits are provided, they are payable by RateSetter out of its own funds and are not an additional cost to you.

10.7 Goods and Services Tax (GST)

All fees and charges in this section are quoted inclusive of GST where applicable and take into account expected reduced input tax credits available to the RateSetter Lending Platform in respect of the GST component of any fee.

Taxation

The income tax implications for Australian investors outlined in this section are general in nature, and do not take into account your specific circumstances. For example, the income tax implications outlined in this section do not consider taxpayers who are subject to the Taxation of Financial Arrangements regime. You should obtain specific taxation advice relating to your particular circumstances from a suitably qualified taxation advisor before investing in the RateSetter Lending Platform.

11.1 Your portfolio held in trust

When you invest in the RateSetter Lending Platform for the first time, you acquire an Interest. Your Interest is represented by units (either cash units or loan units) and gives you a separate interest in a Portfolio, which is held in a separate trust for your benefit, with RateSetter as trustee.

Your Portfolio will contain cash and loans in which you have invested. Cash in your Portfolio includes cash you have invested but which has not been lent, payments received which have not been reinvested in loans or withdrawn by you and money received from the Provision Fund. Units issued in respect of your Interest are comprised of cash units, which represent an interest in cash amounts in your Portfolio, and loan units which represent an interest in each loan in your Portfolio. Each loan unit relates to a specific loan in your Portfolio.

When you invest more money through the RateSetter Lending Platform, that money is added to your Portfolio.

Your trust that holds your Portfolio is a taxable entity and needs to file its own tax return. RateSetter administers your trust and will arrange the lodgement of the tax return.

11.2 Income earned on your portfolio

The net income earned on your Portfolio will be assessable and will be included in the tax return for your trust. RateSetter will include in the trust return the gross amount of interest received in respect of your loans and any amounts paid into your Portfolio by the Provision Fund on account of interest which the borrowers failed to pay but will deduct the amount of the interest margin fee that is payable to RateSetter.

RateSetter as trustee of your trust will make you presently entitled to the income of your trust each financial year, such that you will be required to include the taxable income of the trust in your assessable income for that year.

11.3 Borrower defaults

Any interest that is due and payable on a loan in which you have invested which the borrower fails to pay will not be assessable to your trust or to you. However, any payments made by the Provision Fund in respect of such interest will be assessable.

If a borrower defaults on payment of the principal of a loan, RateSetter may determine that no further payments will likely be made by the borrower in respect of the loan and that the loan is in default. RateSetter may then assign the loan to a third party, such as a collections agency, for an amount it is able to negotiate, or to the Provision Fund trustee for \$1, and will cancel the relevant number of loan units in your Portfolio which represent the amount of the specific loan your trust has lost.

Where you hold your units in the trust on capital account, the overall effect of this would be a capital loss which would be equal to the amount of the loan not recovered by your trust (less any payments made by the Provision Fund in respect of the principal). This capital loss may be included in your tax return and may be available to offset against any capital gains you have made. For some types of taxpayers, certain integrity rules may apply to determine whether any such capital loss is available to offset capital gains. Consideration should be given to the availability of any capital loss in the light of each taxpayer's specific circumstances.

Where you hold your units in the trust on revenue account (which may be the case, for example, where you are a financial institution such as a bank or an insurance company), the overall effect of this may be a revenue loss which would be equal to the amount of the loan not recovered by your trust (less any payments made by the Provision Fund in respect of the principal). This revenue loss may be included in your tax return and may be available to offset against any revenue or capital gains you have made. For some types of taxpayers, certain integrity rules may apply to determine whether any such revenue loss is available to offset revenue or capital gains. Consideration should be given to the availability of any revenue loss in the light of each taxpayer's specific circumstances.

11.4 Payments from the provision fund

If your trust receives a payment from the Provision Fund to compensate for a borrower late payment or default, the tax impact will depend on whether the payment provides full or partial compensation, and on the year in which that compensation is received.

If the Provision Fund provides full compensation in the same year as your trust would have received a borrower payment had the late payment or default not occurred, the tax position is the same as what it would have been had you not been exposed to a borrower late payment or default.

If your trust is only partially compensated through a payment from the Provision Fund, compensation for lost capital is made as a priority over compensation for lost interest. Compensation received from the Provision Fund for interest lost may be assessable as income.

11.5 Early access transfers

Outgoing investors

If your trust utilises the early access transfer feature, your trust will transfer its interests in a loan (or loans) to the Early Access Facilitating Partner. Where the consideration receivable for the transfer of the early access loan is equal to the outstanding face value of the loan that is transferred, no gain or loss should be recognised by your trust. RateSetter will cancel the relevant number of loan units in your Portfolio which represent the amount of the specific loan your trust has transferred. No gain or loss should arise for you as a result of these loan units being cancelled.

Where the consideration receivable for the transfer of the early access loan is less than the outstanding face value of the loan that is transferred, or the amount received (after application of the early access transaction fee) is less than the outstanding face value of the loan that is transferred, a loss that is deductible for your trust should arise. RateSetter will cancel the relevant number of loan units in your Portfolio which represent the amount of the specific loan your trust has transferred. As a result of the cancellation of the units, you should make a loss which is taken into account for tax purposes. The loss should be calculated as the outstanding value of the loan less the amount received for the early access transfer of the loan (net of the early access transaction fee). The tax consequences for you will depend on whether the loss is a capital loss or a revenue loss.

Replacement funders

If your trust makes a facilitating loan to the Early Access Facilitating Partner, the same Australian taxation implications detailed in [Sections 11.1 to 11.4](#) should arise in respect of the facilitating loan.

If you are in the business of lending money or trading in loans the above information may not apply to you and you should seek specialist tax advice.

Additional information

12.1 Keeping investors informed

We will keep you up to date regarding your investment. For example, you will receive:

- A notification confirming your initial investment in the RateSetter Lending Platform
- Periodic statements each quarter setting out the transactions on your RateSetter Account, including payments credited to your holding account
- A notice setting out any material change or significant event affecting your investment or the RateSetter Lending Platform
- An annual tax statement containing a summary of your distributions for the financial year to assist you in completing your tax return
- Any updated PDS from time to time and any supplementary PDS
- Annual financial reports for the RateSetter Lending Platform, if you elect to receive such reports and if you elect to receive them by email. You may elect to receive a hard copy of annual financial reports by contacting us on 1300 768 710

Using your RateSetter Account, you can view all transactions in relation to your investment in the RateSetter Lending Platform at any time.

All material information about the RateSetter Lending Platform, such as the most up-to-date PDS for the RateSetter Lending Platform, notices of material changes and significant events, and the annual financial report for the RateSetter Lending Platform, are available on the website.

12.2 Cooling-off

Cooling-off rights do not apply in respect of the RateSetter Lending Platform.

12.3 Management of potential conflicts of interest

RateSetter has identified those circumstances in which it considers that it may face a conflict of interest and has adopted policies designed to mitigate or avoid those conflicts.

Provision Fund claims

In the event of a borrower late payment or default, RateSetter may make a claim on the Provision Fund on behalf of investors, as described in [Section 8](#). RateSetter considers that there may be a conflict of interest where its employees, officers or associates, or the employees, officers or their associates of Ratesetter Australia Pty Limited, have lent money using the RateSetter Lending Platform and have suffered a default, and where they are required to make a decision as to whether a claim will be made on the Provision Fund in relation to that default. RateSetter manages that conflict by:

- Ensuring that the same policies and procedures apply in relation to a claim to the Provision Fund in relation to a loan in which an employee, officer or their associates have invested, as to any other default in relation to loans made by other investors; and
- Ensuring that where an employee or officer has knowledge that they have an interest in a loan that is the subject of a Provision Fund claim, the relevant employee or officer does not participate in a decision as to whether or not a claim will be made on the Provision Fund.

Employee borrowing

A potential conflict could arise where employees or officers of RateSetter have borrowed money using the RateSetter Lending Platform. RateSetter manages this potential conflict by adopting a policy whereby employees and officers of RateSetter cannot borrow on the RateSetter Lending Platform. By maintaining this policy, it avoids this potential conflict of interest from arising.

Early access transfer

The Constitution of the RateSetter Lending Platform provides for the early access transfer feature by which investors may be able to exit their investment in a loan before the end of the nominal term of that loan, provided that there are funds from replacement funders available to replace the outgoing investor's interests in a loan. The early access transfer feature is facilitated by assigning an outgoing investor's interests in a loan to a special purpose trust (the **Early Access Facility Trust**).

The units in the Early Access Facility Trust are majority owned by RateSetter Australia Pty Limited. The Early Access Facilitating Partner and RateSetter may earn revenue from facilitating early access transfers, as a result, there may be a conflict of interest between the interests of the Early Access Facilitating Partner and RateSetter and that of investors. This conflict is managed by ensuring that the Early Access Facilitating Partner and RateSetter can only facilitate the early access transfer of loan interests in accordance with the terms of the early access transfer feature as set out in this PDS.

The Early Access Facilitating Partner is a wholly owned subsidiary of RateSetter Australia Pty Limited and has been established to hold loans to facilitate early access transfers when requested under the terms of the constitution of the RateSetter Lending Platform. It does not borrow any other monies or grant security to any third parties.

Lending by related parties

Entities related to RateSetter, including RateSetter Australia Pty Limited, may invest funds on the RateSetter Lending Platform. This may give rise to a conflict between the duties of the related party to RateSetter (as a service provider or otherwise) and its interests as an investor. RateSetter manages this conflict by:

- Utilising information barriers to ensure that those persons administering a related party's RateSetter Account do so only based on information available to investors generally; and
- Ensuring that where a person administering a related party's RateSetter account has knowledge that they have interests in a loan that is the subject of a Provision Fund claim, the relevant employee or officer does not participate in nor communicate the fact of that knowledge to a person who does participate in, a decision as to whether or not a claim will be made on the Provision Fund.

Other activities of RateSetter

RateSetter acts as trustee for the RateSetter Wholesale Lending Platform, an unregistered managed investment scheme and provides loan management, administration and collection services in relation to loans provided by RateSetter Finance Pty Limited, both of which are engaged in facilitating finance to consumers and businesses.

RateSetter has established and documented policies and procedures designed to address a range of situations where a conflict of interest may arise and to govern the manner by which RateSetter provides its services and the conduct and behaviour required of all employees and officers. Among other policies, RateSetter maintains an allocations policy to determine a reasonable allocation of loan opportunities between schemes which is reviewed annually by RateSetter's Board of Directors.

The allocation policy is designed to allocate loans on a fair, reasonable and objective basis. In summary, RateSetter has adopted the following broad principles for allocation of loans between schemes. Loans are allocated to the RateSetter Lending Platform unless the following conditions are met:

- The loan has been referred to RateSetter from a selected commercial partner. In determining whether an entity qualifies as a selected commercial partner, RateSetter must satisfy itself that the RateSetter Lending Platform would not reasonably be able to provide commercially attractive finance to the partner and the applicants they may refer, having regard to:
 - The current and recent historical interest rates of loans funded via the RateSetter Lending Platform;
 - The credit or risk management criteria of the RateSetter Lending Platform; and
 - The terms of the loans the selected commercial partner requires for such referred applicants, including the amounts and terms of those loans;
- The loan is an interest-free loan which is referred to RateSetter under a state government initiative; or
- The loan meets a set of pre-determined, non-discretionary criteria in terms of loan term, purpose and eligible security interests, being that:
 - The loan is for the purchase of an automobile or caravan or a refinance of an existing car loan;
 - The amount requested by the borrower is equal to or greater than \$10,000;
 - The loan term is greater than or equal to 3 years; and
 - The security asset is less than 7 years of age at the loan origination date.

These principles apply to potential loans where RateSetter has the ability to make or influence investment allocation decisions. It does not apply where a borrower or a source of borrower referrals requires funding be provided through a specific scheme, in which case RateSetter does not have the ability to make or influence the allocation decisions. RateSetter has entered into arrangements which require that loans are funded only by the RateSetter Wholesale Lending Platform or by RateSetter Finance Pty Limited.

Even where a loan meets the criteria to be allocated to be funded other than by the RateSetter Lending Platform, RateSetter may at its discretion allocate the loan to the RateSetter Lending Platform.

12.4 Complaints

We have established procedures for dealing with complaints.

If you have any concerns or complaints, please contact our Customer Services team on 1300 768 710. We will endeavour to respond and resolve the complaint within 45 days. If you are not satisfied with the outcome, you can contact the Australian Financial Complaints Authority (AFCA) by calling 1800 931 678. AFCA operations are governed by published terms of reference, which are available at www.afca.org.au.

12.5 Privacy

RateSetter is committed to respecting the privacy of your personal information.

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. RateSetter collects personal information from you in the Application Form and may collect additional personal information in the course of managing your investment in the RateSetter Lending Platform. If you do not provide the information requested in the Application Form, we will not be able to process or accept your application.

RateSetter's privacy policy states how we collect, use, store, and manage personal information. RateSetter's privacy policy is available on our website. To access or update your personal information, please visit the 'Account Setting' link on the website or contact us on 1300 768 710 or contact@ratesetter.com.au.

12.6 Consents

The persons listed in the table below have given and have not withdrawn their written consent to:

1. Be named in this PDS in the form and context in which they appear
2. The inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS
3. The inclusion of other statements in this PDS which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Retail Money Market Limited	RateSetter UK	Statements about it in Sections 1, 3 and 8
Ratesetter Australia Pty Limited	Parent of the Responsible Entity	Statements about it in Sections 4, 6.2 and 6.6

None of the persons referred to above has made any statement that is included in this PDS or any statement on which this PDS is based, other than any statement or report included in this PDS with the consent of that person as specified above.

Each of the persons referred to above:

1. Has not authorised or caused the issue of this PDS, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this PDS
2. To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS other than references to its name or a statement or report included in this PDS with the consent of that person as specified above

12.7 Labour standards or environmental, social or ethical considerations

Generally, RateSetter does not take into account labour standards or environmental, social or ethical considerations in determining the selection, retention or realisation of assets. In determining Approved Clean Energy Products, RateSetter considers, as set out in [Section 14](#), the definition of clean energy technologies in section 60(1) (and related clauses) of the *Clean Energy Finance Corporation Act 2012* (Cth).

12.8 Anti-money laundering laws

RateSetter is required to collect certain customer identification information and verify that information in compliance with the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) (the **AML/CTF Act**) and rules made under that Act before it can issue Interests to applicants.

Customer identification information may include detailed 'know your customer' (**KYC**) information in relation to the applicant such as, for an individual applicant, name, address, and date of birth, and for an applicant that is a business entity, details of directors and beneficial owners, and where the applicant is a trustee, details of the trust deed and beneficiaries. The Responsible Entity may require further KYC information such as information concerning business activities, structure and source of funds of applicants and from time to time may require an applicant to provide updated or additional information.

RateSetter may refuse to accept an application or decline to issue Interests to an applicant until it has satisfactorily concluded a customer identification procedure in relation to the applicant.

RateSetter may delay or refuse any request or transaction, including by suspending the issue or redemption of Interests, if the Responsible Entity is concerned that the request or transaction may cause the Responsible Entity to contravene the AML/CTF Act. The Responsible Entity will incur no liability to the applicant if it does so.

12.9 Obtaining a copy of the Constitution and Compliance Plan

The Constitution and the Compliance Plan are available for inspection during normal business hours at the registered office of the Responsible Entity.

How to apply

13.1 Application process

Becoming a member of the RateSetter Lending Platform is straightforward, and can, in most cases, be completed entirely online.

Becoming a member and funding your account requires you to take three simple steps.

1. Register as a user via the website

To register you will be required to provide information including your name and email address. You will also be required to create a user name and password and agree to the "Terms and Condition" set out on the website. Upon registering you will be provided with a RateSetter Account and will be able to access additional information about the RateSetter Lending Platform. To register, visit www.ratesetter.com.au.

2. Apply to become a member

Once you have registered as a user, you can apply to become a member of the RateSetter Lending Platform, which will allow you to transfer funds to your holding account and create orders to lend funds.

To be eligible to become a member as an individual or joint applicant, you must be over 18 years of age and be resident in Australia. Any tax resident company or trust may also apply to be a member.

All applicants must confirm that they have read this PDS in its entirety, and then complete the Application Form.

Additional identity verification procedures may apply to companies and trustees that do not apply to individual investors. Once you have completed the Application Form, we will perform various checks including customer identification and verification checks required under anti-money laundering legislation. If these checks are successful, we will then process your application. You will be notified by email if your membership application is successful.

3. Transfer in funds

If you are accepted as a member, you will be able to transfer in funds into the RateSetter Lending Platform. You can transfer in funds by logging on to your RateSetter Account on the website, click 'Transfer Funds in' and follow the instructions. You can transfer in funds using bank transfer or BPAY.

There is no minimum amount that may be transferred into the RateSetter Lending Platform, however the minimum funds in your holding account for an order or re-investment to be effected is currently \$10. RateSetter reserves the right to cap the amount of your total investment.

Once your funds have been received, you will be able to login to your RateSetter Account and see your funds in your holding account. You will then be able to create an order to lend by clicking on 'Lend Money' and following the instructions. See [Section 7.2](#) for more information on how to lend on the RateSetter Lending Platform.

13.2 Tax information

It is not compulsory for you to provide your Tax File Number. However, if you do not do so, RateSetter is required to apply TFN withholding tax (at 47%) to distributions made from your trust unless you are in an exempt category and provide relevant details as specified in the application form. RateSetter will preserve the confidentiality of your Tax File Number, collection of which is authorised by tax laws.

13.3 Electronic disclosure

Participation in the RateSetter Lending Platform is designed to be predominantly effected and managed online via the website and via email.

You must nominate an email address when you register via the website and when you complete the Application Form. The email address you nominate in your completed Application Form will be the address to which we will send you information about the RateSetter Lending Platform and your investment. **By nominating an email address, you will consent to receiving the following documents (along with other information set out in [Section 12.1](#)) by email to that address (or to any other email address nominated by you on your RateSetter Account):**

- Your initial membership confirmation
- Your periodic statements
- Notices of material changes or significant events
- Your annual tax statements
- Any updated PDS
- Any supplementary PDS
- Annual financial reports for the RateSetter Lending Platform, if you elect to receive a copy of such reports and if you elect to receive them by email

In the Application Form, you will also be asked to expressly consent to receive confirmations of transactions on your investment in the RateSetter Lending Platform by accessing your RateSetter Account on the website.

Other material information about the RateSetter Lending Platform will be available on the website.

Approved Clean Energy Products

Lending orders in the National Clean Energy lending market and the South Australia Renewable Energy lending market are matched to loans where the purpose of the loan is to finance the purchase and/or installation of particular Approved Clean Energy Products. Approved Clean Energy Products vary by lending market.

RateSetter determines which borrower purchases and/or installations are classified as Approved Clean Energy Products in its sole discretion, although when making such classifications, it considers:

- The definition of clean energy technologies set out in section 60(1) (and related clauses) of the *Clean Energy Finance Corporation Act 2012* (Cth);
- The product or technology criteria of relevant Commonwealth, State or Territory Government standards or guidelines;
- The product or technology criteria of relevant industry standards bodies or organisations; and
- The terms and conditions of the South Australia Home Battery Scheme.

The following purchases and/or installations are currently categorised as Approved Clean Energy Products:

Product / Installation	Description	Applicable lending market
Solar photovoltaic systems	Systems that meet the Australian Standards including: <ol style="list-style-type: none"> solar photovoltaic systems listed on the Clean Energy Council's website as being rated Fire Safety Class C; and inverters and power conversion equipment listed on the Clean Energy Council's website which are suitable for installation under the Australian Government Renewable Energy Certificate scheme. The system installer must be accredited by the Clean Energy Council.	National Clean Energy lending market, South Australia Renewable Energy lending market
Solar water heaters and air source heat pumps	Solar water heaters and air source heat pumps that are eligible for small-scale technology certificates under the Australian Government Small-scale Renewable Energy Scheme. Eligible equipment is listed on the Australian Government, Clean Energy Register (register of solar water heaters) and must be installed in accordance with the Australian Standards.	National Clean Energy lending market, South Australia Renewable Energy lending market
Batteries	All battery storage and associated technologies that meet the Australian Standards, provided the batteries are: <ol style="list-style-type: none"> recharged from renewable sources, including both solar photovoltaic systems and/or wind generation systems; and integrated as part of a behind the meter renewable generation project. The installer must be accredited by the Clean Energy Council (design and install) with storage (for grid connected systems) endorsement.	National Clean Energy lending market, South Australia Renewable Energy lending market
Variable speed drives and variable frequency drives	Variable speed drives or variable frequency drives being installed where no such system was previously operating.	National Clean Energy lending market
Power factor correction	Projects that improve the power factor to above 0.9 lagging that would qualify for New South Wales Energy Savings Scheme certificates as certified by a certified engineer or technology supplier.	National Clean Energy lending market
Lighting	Lighting technologies that would qualify under the New South Wales Energy Savings Scheme, the Victorian Energy Efficiency Target or the South Australian Retailer Energy Efficiency Scheme.	National Clean Energy lending market

Product / Installation	Description	Applicable lending market												
Air conditioning	High efficiency retail air conditioning systems meeting both the minimum heating and cooling Star Rating in accordance with the Energy Rating Label.	National Clean Energy lending market												
	<table> <tr> <th>Capacity*</th><th>Star Rating (cooling)</th><th>Star Rating (heating)</th></tr> <tr> <td>5.00kW and below</td><td>>=5.5</td><td>>=5.5</td></tr> <tr> <td>5.01kW - 7.00kW</td><td>>=4.5</td><td>>=4.5</td></tr> <tr> <td>7.01kW and above</td><td>>=3.5</td><td>>=3.5</td></tr> </table>	Capacity*	Star Rating (cooling)	Star Rating (heating)	5.00kW and below	>=5.5	>=5.5	5.01kW - 7.00kW	>=4.5	>=4.5	7.01kW and above	>=3.5	>=3.5	
Capacity*	Star Rating (cooling)	Star Rating (heating)												
5.00kW and below	>=5.5	>=5.5												
5.01kW - 7.00kW	>=4.5	>=4.5												
7.01kW and above	>=3.5	>=3.5												
	*Cooling capacity													

To be funded by the South Australia Renewable Energy lending market, a borrower must be approved for a subsidy under the South Australia Home Battery Scheme and the loan must be used to purchase Approved Clean Energy Products, to be installed at the same location in South Australia as the battery to which the South Australia Home Battery Scheme subsidy relates.

To help determine whether a loan falls within the Approved Clean Energy Product criteria, RateSetter may require the borrower, manufacturer or installer to provide documentary evidence that the purchase and/or installation falls within the eligibility criteria set out above. Although RateSetter has procedures in place to verify that loans fall within the above criteria, there is no guarantee that all loans facilitated through the National Clean Energy lending market or South Australia Renewable Energy lending market will be used to finance the purchase and/or installation of Approved Clean Energy Products. RateSetter will notify all relevant members if it becomes aware that more than 5% of the number of loans funded from the relevant lending market did not meet the Approved Clean Energy Product criteria at the time the loans were funded.

Glossary

In this PDS, the following terms have the following meaning unless the context otherwise requires:

\$	Australian dollars
ACL	Australian credit licence issued by ASIC under section 37 of the NCCP
ADI	Authorised Deposit-taking Institution
AFCA	Australian Financial Complaints Authority
AFSL	Australian financial services licence issued by ASIC under section 913B of the Corporations Act
Application Form	The application form which accompanies this PDS (or the electronic PDS) under which a person may apply for an Interest
Approved Clean Energy Product	A product as defined in Section 15 for which a loan to finance the purchase and/or installation of that product may be eligible to be funded through the National Clean Energy lending market or South Australia Renewable Energy lending market
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
Banking Act	<i>Banking Act 1966</i> (Cth)
borrower	An individual or business that borrows funds or is extended credit via the RateSetter Lending Platform. Where the loan is a facilitating loan, the borrower may be the Early Access Facilitating Partner
business	An entity that carries on a lawful activity of any sort, whether or not for profit or gain, and includes any such corporation, trust, partnership or sole trader
cash unit	A fractional interest in so much of a Portfolio as is represented by cash held for a member, each of which has an issue price of \$1.00
Compliance Committee	The compliance committee in respect of the RateSetter Lending Platform established by the Responsible Entity under Part 5C.5 of the Corporations Act
Compliance Plan	The compliance plan of the RateSetter Lending Platform as amended from time to time
Constitution	The constitution of the RateSetter Lending Platform as amended from time to time

Corporations Act	<i>Corporations Act 2001 (Cth)</i>
creditworthy	In relation to a borrower, an individual or business that we have approved following our borrower risk assessment processes which take into account our assessment of their propensity and financial capacity to fulfil their obligations under a proposed loan contract at the time of assessment
Custodian, Australian Executor Trustees	Australian Executor Trustees Limited (ABN 84 007 869 794), being the custodian for the RateSetter Lending Platform
Early Access Facilitating Partner	RateSetter Early Access Provider Pty Limited (ABN 97 628 882 673) as trustee for the Early Access Facility Trust
Early Access Facility Trust	Early Access Facility Trust (ABN 43 106 950 215) being a special purpose trust which holds early access loans assigned by an outgoing investor, the payment for such assignment being provided by monies advanced under a loan issued to the Early Access Facilitating Partner from replacement funders
early access lending rate limit	The maximum rate in respect of a lending market, as determined by RateSetter and published on the Website from time to time, above which early access transfers will not be fulfilled
early access lending market value limit	The minimum amount of lending orders, as determined by RateSetter and published on the Website from time to time, that must be available in a particular lending market for early access transfers to be available in respect of that particular lending market
early access loan	An outgoing investor's interest in a loan which is assigned to the Early Access Facilitating Partner
early access transfer	The facility made available by RateSetter through which members can apply to exit a portion or all of their investments in loans before the end of the indicative term, subject to the terms of the Constitution and this PDS
Electronic PDS	The electronic copy of this PDS located on the website
facilitating loan	Monies advanced under a loan issued to the Early Access Facilitating Partner from replacement funders, for the purposes of the acquisition of an early access loan by the Early Access Facility Trust
funds replacement buffer	The aggregate amount of funds that must remain on the 1 Month Rolling market after any existing investor funds are replaced
holding account	A member's funds as shown in the RateSetter Trust Account and which are not on market to be matched to a loan or series of loans
indicative term	The approximate term for which your funds are matched to a loan in a lending market, assuming that a) the borrower does not repay their loan early, and b) that your funds have not been required to remain matched to a loan for a longer period due to insufficient investor funds being available to replace your funds or a later borrower payment which is not compensated by the Provision Fund

Interest	An 'Interest' in the RateSetter Lending Platform as defined in the Constitution
interest	A rate which is charged or paid for the use of money
interest margin fee	RateSetter's fee relating to interest payments received by investors
interest rate limit	The highest interest rate at which an order can be placed in a lending market as determined by us from time to time and published on our website
investor	A member whose funds is, or have been, committed to one or more loans
lending market	The five lending markets on the RateSetter Lending Platform
loan	Generally, an agreement between an investor and a borrower for the borrower to repay an amount of money lent along with interest accrued. When specific to the RateSetter Lending Platform, a sum of money that is lent by the Custodian to a borrower and repaid in accordance with a loan contract and any ancillary arrangements, where repayments may be monthly, or on some other basis as contractually agreed between the parties
loan unit	A fractional interest representing a particular loan in a member's Portfolio, each of which has an issue price of \$1.00
member	A person who is a member of the RateSetter Lending Platform
NCCP/National Consumer Credit Protection Act	<i>National Consumer Credit Protection Act 2009 (Cth)</i>
on loan	A member's funds lent to a borrower or borrowers
on market	A member's funds comprising part of the RateSetter Trust Account that form part of an order the member has made, which may or may not be matched to a loan
order	A member's request for a specific amount of their funds to be lent in a lending market and at a specific interest rate
PDS	This document
peer-to-peer lending	A general term commonly used to refer to the practice of lending money to borrowers without the direct intermediation of a traditional financial institution, such as a bank. Investors and borrowers may be individuals, businesses, or other legal entities. For more information see Section 5.3
Portfolio	Assets which are held by the Responsible Entity on behalf of a member from time to time, including cash and loans
Provision Fund	A pool of money held in trust on which RateSetter may make a claim on behalf of an investor in the event of a borrower late payment or default

Provision Fund buffer	The amount of cash held in the Provision Fund plus the total amount of money we expect will be paid into the Provision Fund from existing loans, taking into account our estimate of early borrower payments and borrower defaults
PPSR	The Personal Property Security Register which is administered by the Australian Financial Services Authority
RateSetter UK	Retail Money Market Limited (Company Number 7075792), authorised and regulated by the Financial Conduct Authority of the United Kingdom with the reference number 633741
RateSetters	Collectively, borrowers and members of the RateSetter Lending Platform
RateSetter Account	An account accessible on the website which shows the balance of a member's holding account, amount on market and amount on loan, and which allows the member to make orders and give other instructions
Ratesetter Australia Pty Limited	Ratesetter Australia Pty Limited (ABN 29 161 376 638)
Ratesetter Finance Pty Limited	Ratesetter Finance Pty Limited (ABN 82 636 759 861)
RateSetter Trust Account	The bank account with an Australian ADI held in the name of Australian Executor Trustees, the custodian for the RateSetter Lending Platform
RateSetter Lending Platform	RateSetter Lending Platform (ARSN 169 500 449)
Responsible Entity, RateSetter, our, us, we	Ratesetter Australia RE Limited (ABN 57 166 646 635)
Responsible Manager	A person nominated by us to ASIC to demonstrate our competence to provide financial services under our AFSL in accordance with ASIC's requirements
Risk Assurance Charge, RAC	The charge that may be paid by borrowers that is contributed to the Provision Fund and which may be paid at the establishment of the loan or over the life of the loan or a combination of both
Secured loan	A loan made pursuant to an agreement under which RateSetter or the Custodian takes a security interest in specified property owned or proposed to be owned by the borrower
security interest	A property interest created by agreement over specified property to help secure the repayment of a loan
South Australia Home Battery Scheme	A scheme to subsidise the purchase and installation of battery systems for South Australian residential dwellings, with subsidies funded by the Government of South Australia as announced by the South Australian Department of Energy and Mining on 8 September 2018
The Trust Company	The Trust Company (Australia) Limited (ABN 21 000 000 993)

US\$	U.S. dollars
website	The website located at www.ratesetter.com.au or related websites including ratesetter.com.au and members.ratesetter.com.au
you, your, I	A person applying for an Interest or a member, as applicable

Corporate directory

Responsible entity

Ratesetter Australia RE Limited

ABN
57 166 646 635

AFSL NUMBER
449176

ACL NUMBER
449176

PHYSICAL ADDRESS
**Level 5,
14 Martin Place,
Sydney, NSW 2000**

POSTAL ADDRESS
**PO Box R745
Royal Exchange,
NSW 1225**

CONTACT TELEPHONE NUMBER
1300 768 710

Legal advisers

Ashurst Australia

ABN
75 304 286 095

PHYSICAL ADDRESS
**Level 11,
5 Martin Place,
Sydney, NSW 2000**

Auditors

**Grant Thornton Audit
Pty Limited**

ABN
91 130 913 594

PHYSICAL ADDRESS
**17/383-395 Kent Street,
Sydney, NSW 2000**

Custodian

**Australian Executor
Trustees Limited**

ABN
84 007 869 794

AFSL NUMBER
240023

PHYSICAL ADDRESS
**Level 19
60 Castlereagh Street
Sydney, NSW 2000**

Trustee of the Provision Fund

**The Trust Company
(Australia) Limited**

ABN
21 000 000 993

AFSL NUMBER
235145

PHYSICAL ADDRESS
**Level 18,
123 Pitt Street,
Sydney, NSW 2000**

Competitor	Product	Amounts	Terms	Fees	Regulated
Australian Military Bank	Green loan	Minimum loan amount \$4,000, maximum \$40,000	1-7 years	Application fee \$150 \$10 monthly fee	Regulated
Bendigo Bank	Green loan	Minimum loan of \$2000	for terms between 1 and 7 years.	Application fee \$150 Document preparation fee \$100 Security processing fee – on application Monthly service fee \$5 Default fee \$35 No fixed break costs with an early repayment fee of only \$20	Regulated
Brighte Capital Pty Ltd	0% Interest Payment Plan	Up to \$30,000	Up to 60 months	\$250 establishment fee Monthly account keeping fee \$4 Late payment fee \$4.99	Unregulated
	Bright Green loan	Up to \$30,000	Repay over 2 to 7 years	Establishment fee of \$199 added to the loan amount Monthly account keeping fee \$4 Late payment fee of \$4.99 may be charged by Brighte in the event of missed payment. No early repayment fees	Regulated
CBA	Green Mortgage (cashback offers to CBA mortgage holders who have solar panels installed)	--	--	--	Regulated

Competitor	Product	Amounts	Terms	Fees	Regulated
Certegy Ezi-Pay Pty Ltd (related entity to FlexiGroup Limited)	Humm (BNPL)	Up to \$30,000	Up to 60 months	Establishment fee \$35 to \$90 Late payment fee \$6	Unregulated
Community First Credit Union	Solar loan	\$1,000 to \$50,000	Up to 10 years	No monthly account keeping fees. No early repayment fees	Regulated
Devizo Pty Ltd t/a Payright	Payright (BNPL)	Up to \$10,000	Up to 36 months	Establishment fee of up to \$59.95 Monthly account keeping fee of \$3.50. Payment processing fee of \$2.95 \$12.95 for any late payments	Unregulated
Endeavour Mutual Bank	Green loan	Up to \$30,000	Up to 5 years	No establishment fee No monthly account keeping fee No early payout fee	Regulated
Flexicard (related entity to FlexiGroup Limited)	Skye Mastercard (primary offering) SkyePlan (Interest free option relating to converted purchases of \$250 or more)	Up to \$50,000 (Credit limit)	9, 12 or 15 month options (SkyePlan terms)	SkyePlan Establishment Fee applies which is a percentage of the total amount payable on the card purchase selected Failure to pay a fixed monthly instalment will incur interest (calculated at the standard Card Purchase Rate) on that outstanding amount	Regulated
GTL Renewable Pty Ltd	Lease-to-own 'EnerGuard' product	--	10 years	Fixed Monthly Service Charge; Late Payment Fee	Unregulated

Competitor	Product	Amounts	Terms	Fees	Regulated
HSBC	Credit card	\$500 to \$50,000	5 years (interest free period)	\$99 annual fee for purchases from \$500 to \$50,000	Regulated
Hunter United	Green loan	\$2000 and \$30,000	Flexible loan terms up to 7 years	\$200 application fee	Green loan
Laboratories Credit Union Limited	Green loan	Up to \$50,000	Up to 7 years	Establishment fee \$20 \$0 annual, monthly and redraw fee	Regulated
Latitude Finance Australia	GEM credit card (0% interest)	--	12, 24 or up to 60 month interest free plans		Regulated
OurMoney Market Lending Pty Ltd	Personal loan	Up to \$50,000	Up to 7 years	Establishment fee of 1.5–6% of total loan amount, depending on the customer's loan grade. The minimum fee is \$150. No monthly account keeping fees, no exit fees and no early repayment fees	Regulated
Police Credit Union	Solar Eco Loan (personal loan)	Loans from \$5,000	Up to 7 years	No application or ongoing fees No fixed break costs	Regulated
Southern Cross Credit Union	Green loan	\$10,000 - \$50,000	5 years	No monthly fees No early termination fees	Regulated

Competitor	Product	Amounts	Terms	Fees	Regulated
Transport Mutual Credit Union	Green loan	Minimum loan amount \$5,000	Up to 7 years	Establishment fee \$199 No ongoing fees	Regulated
WAW Credit Union	Green loan	\$10,000	Up to 3 years	Application Fee \$150.00 Other Fees	Regulated
Zip Co Limited	Zip Money (BNPL)	For credit above \$1,000 and generally up to \$5,000, but website says requests for increases over \$5,000 are possible	Interest free period - 0% interest for 3 months & Promotional offers 6-48 months	One-off establishment fee between \$0-\$299, depending on the credit limit Monthly service fee of \$6.00 when there is an outstanding balance on the account. Late fees of \$15.00	Regulated

Renewable energy finance

We're making clean energy technology
affordable for all Australians

Rates starting from

6.50%

per annum

Comparison rate

8.25%

per annum*



6,000+
solar installations



\$58M+ loans
funded in our clean
energy markets



10 team members
dedicated to you



Renewable energy finance

Low rates that reward your good credit

A renewable energy loan can be used to fund the purchase and installation of approved clean energy products, helping you lower your power bills while supporting the health of the planet.

RateSetter renewable energy loans can provide a lower interest rate than traditional personal loans or credit cards. With terms of up to 7 years, our renewable energy loans offer affordable repayments to help more homeowners access the benefits of clean energy technology.

With a renewable energy loan, you know exactly what you're getting: a competitive interest rate with a consistent monthly repayment schedule that makes budgeting a cinch.

Peer-to-peer lending

RateSetter's renewable energy loans are funded through our renewable energy lending markets on the RateSetter lending platform. We connect investors and borrowers so they can achieve more with their money. Our peer-to-peer lending platform uses clever technology to cut out the inefficiencies of traditional lenders, giving you faster, better deals on renewable energy finance. It's that simple.

*Representative example: Based on \$30,000 loan with a 60 month term for a borrower with an excellent credit history at a comparison rate of 8.25% p.a. the estimated total amount payable including all applicable fees is \$36,717. RateSetter green loan repayment terms range from a minimum of 3 years to a maximum of 7 years. Interest rates start from 6.50% p.a. Rates are subject to change depending on the rates offered by lenders in our Lending Markets. Rates stated as at 8:50pm 31 January 2020 and are subject to change. RateSetter credit criteria and terms and conditions apply.


Proudly supported by the Clean Energy Finance Corporation (CEFC)



The CEFC is responsible for investing \$10 billion in clean energy projects on behalf of the Australian Government. They lower Australia's carbon emissions by investing in renewable energy, energy efficiency and low emissions technologies. The CEFC is a cornerstone investor in RateSetter's renewable energy lending markets.

Here's how we compare

Our personal loan option may be substantially cheaper than alternatives. Here's how we compare for a \$30,000 system:

	Credit card [^]	Mortgage ⁺	 RateSetter [*]
Interest rate	19.94% p.a. on purchases	3.10% p.a. (redraw over 240 months)	6.50% p.a.
Total interest and fees	\$17,989	\$17,972	\$6,717
Monthly repayments	\$799	\$199	\$611
Comparison rate	19.99% p.a.	5.10% p.a.	8.25% p.a.
Total cost	\$47,989	\$47,972	\$36,717

You could save **up to \$11,272** in repayments

Comparison rates and repayments calculated by RateSetter. [^]Credit card rate stated is RBA F5 average 'standard' credit card interest rate as at 31 December 2019 and excludes any annual or monthly fees. Calculations assume 60 equal monthly payments and no prepayment amounts. ⁺Mortgage rate stated is RBA F5 average 'standard' fixed mortgage interest rate as at 31 December 2019 and assumes an annual fee of \$395.00 p.a. Calculations assume 240 equal monthly payments and no repayment amounts. ^{*}Rates and repayments shown are indicative only assuming 60 monthly payments and may change without notice. Subject to lender approval. Fees, charges, terms and conditions apply. Comparison rate based on a 5 year \$30,000 unsecured green loan for a borrower with an excellent credit history as at 8:50pm 31 January 2020. WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison rate. ACL 449176.

Finance in three easy steps

The process for getting finance is simple



Apply online

Your installer will provide you with a link and you will be able to check your eligibility in 1 minute and if eligible, apply online instantly. You will be prompted to verify your income and identity online.



Conditionally approved

If successful, you will be conditionally approved. Conditional approvals are valid for up to 90 days. You will need to arrange installation during this period and inform RateSetter of the expected installation date.



Finalise loan

Once we have received the final invoice after the installation of equipment, we aim to finalise the loan within 24 hours. We'll notify you to draw down your renewable energy loan online and will disburse funds directly to the installer.

About the loan

Why RateSetter



Low interest rates

We reward your good credit history with even better rates ensuring the loan you end up with has been tailored to you.



Borrow up to \$45,000

Flexible loan terms from 3 years to 7 years for loans between \$2,001 and \$45,000 to see you on your way to a cleaner, greener future.



Fast online application

Our RateEstimate takes just one minute for you to complete and the entire application process takes less than 15 minutes.



Early repayments available, no exit fees

No early repayment fees help you save more and pay off your loan faster. Because nobody has ever said 'yes please' to fees.

Still have questions? We're here to help

 1300 502 028  greenfinance@ratesetter.com.au



What projects can you fund

RateSetter's renewable energy loans can be used for a range of products. These include:



Solar panels



Home batteries



Solar hot water



Energy efficient lighting



Solar pool heating



Power factor correction



Why our customers love RateSetter

RateSetter makes borrowing more rewarding. With flexible renewable energy loans at competitive rates, borrowers can get ahead in life and achieve more with their money. It's fairer finance that works for everyone.



Exactly what I needed. I used RateSetter to fund my solar installation and they provided the right loan features for this purpose

David



Fast process and they communicated with our solar guys to make sure they got the panels on quickly

Anthony



Their invaluable help and professional assistance have turned our long dream of having a solar system installed in our place. The conditions and terms are straightforward and easy to understand

Lito



Amazing service. Quick simple and trouble free. RateSetter made our solar installation so simple. I would not hesitate in utilising them should they fit your needs

Kevin

Green loans made simple

Award winning renewable energy finance for all Australians



Winner, Outstanding
Personal Loan 2015 - 2019



Winner, Excellent Credit
Personal Loan 2016, 2017



Fintech Award Winner
2017, 2018



Fintech Business
Awards Winner 2019



Best P2P Personal
Loan 2017



4.8 / 5 Rating from
over 2000 reviews

RateSetter

Pre-Contractual Disclosure and Unsecured Loan Contract

SCHEDULE

Borrower: **<Name and address>**

Application No: **<number>**

The disclosures in this Schedule are made as at the following Disclosure Date: «DisclosureDate»

FINANCIAL TABLE

Amount of Credit and the credit fees and charges paid from the Amount of Credit	Total Amount of Credit	\$<total amount>
	From the Amount of Credit we pay the following credit fees and charges, which are payable on the date the Amount of Credit is disbursed:	
	<ul style="list-style-type: none"> • RateSetter Credit Assistance Fee payable to RateSetter Australia RE Limited <i><if Risk Assurance Charge is payable by the borrower></i> • Risk Assurance Charge payable to The Trust Company (Australia) Limited (as trustee of the RateSetter Provision Fund) <i>END if Risk Assurance Charge is payable by the borrower></i> 	\$<amount> \$<amount>
	From the Amount of Credit we will also pay the following amounts on your behalf:	
	<ul style="list-style-type: none"> • to <Supplier> for purchase of <i><description of goods being supplied></i> 	\$<amount>

Annual Percentage Rate	<i><If loan is fixed rate></i>	
	The annual percentage rate during the Loan Term is fixed at <APR>% unless, at the time we accept your offer to enter this Contract, we advise you of a lower annual percentage rate, in which case the annual percentage rate will be fixed at that lower annual percentage rate.	
	<i>END if loan is fixed rate></i>	
	<i><if loan is variable rate></i>	
	A variable interest rate (currently, <APR>% per annum) applies to the Loan. This rate may vary. RateSetter will notify you of any changes to the rate.	
	<i><END if loan is variable rate></i>	

Total amount of interest charges payable	\$<total interest>
---	--------------------

Credit provided by Australian Executor Trustees Limited ACN 007 869 794, Australian credit licence 240023, as custodian of the RateSetter Lending Platform

Repayments	<p><number> <monthly/fortnightly> repayments, being <number-1> repayments of \$<insert repayment amount> and a final repayment of \$<insert final repayment amount>, totalling \$<total repayments> payable over the Loan Term.</p> <p>Your first repayment date is <insert date>.</p>
-------------------	--

Ongoing credit fees and charges payable under this Contract	<p>While any part of the Unpaid Daily Balance is outstanding, the following Account Management Fees are payable on the day of each scheduled loan repayment:</p> <ul style="list-style-type: none"> RateSetter Account Management Fee payable to RateSetter Australia RE \$<amount> on each scheduled repayment date
--	---

	Amount
Total amount of credit fees and charges (to the extent that is ascertainable) and including any already paid	\$<amount>

Other credit fees and charges which may be payable under this Contract	<p>Arrears Fee – payable weekly while the loan account is in arrears.</p> <p>Direct Debit Dishonour Fee – payable on or about the day a direct debit payment into your Loan Account is dishonoured whether or not the dishonour results in a repayment not being made on time.</p> <p>Variation Fee – payable each time you ask to move a scheduled repayment to a date after the scheduled due date and we agree to such a request.</p>	<p><<Amount>></p> <p><<Amount>></p> <p><<Amount>></p>
---	---	---

Important Information about credit fees and charges, repayments and the annual percentage rate (except where the annual percentage rate is fixed) is subject to change and the change can be made any time without your consent.

OTHER DETAILS

Loan Term	The term of your loan is <amount> months starting from (and including) the Settlement Date.
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REPAYMENT SCHEDULE

Repayments	Repayment Date	Repayment Amount
	<Repayment date>	\$<insert repayment amount>

	<Final Repayment date>	\$<insert final repayment amount>

COMMISSIONS AND PAYMENTS TO 3RD PARTIES

Introducer commissions	If you were introduced to RateSetter by a third party, RateSetter Australia RE Limited may pay that introducer a commission. <<Commission details>
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IMPORTANT

BEFORE YOU ACCEPT

- READ THIS CONTRACT DOCUMENT so that you know exactly what contract you are entering into and what you will have to do under the contract.
- You should also read the information statement:

"THINGS YOU SHOULD KNOW ABOUT YOUR PROPOSED CREDIT CONTRACT".
- Get a copy of this contract document.
- **Do not** click the "Sign and Submit Offer" button if there is anything you do not understand.

THINGS YOU MUST KNOW

- Once you click the "Sign and Submit Offer" button, you are making an offer to borrow and, if such offer is accepted by the credit provider, you will be bound by this contract document. However, you may end the contract before you obtain credit by telling the credit provider in writing, but you will still be liable for any fees or charges already incurred.
- If this contract document says so, the credit provider can vary the annual percentage rate (the interest rate), the repayments and the fees and charges and can add new fees and charges without your consent.

RateSetter

Loan Contract

Effective <insert date>

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The meaning of certain words is explained in Part B below.

Part A: General Terms and Conditions

1. Your Loan

- 1.1 We will provide a loan by paying the Amount of Credit (less any fees we have deducted) into your nominated account, but only if we have received all documents and information we require, including a completed Direct Debit Request, in a form satisfactory to us. We may terminate this Contract if you have not provided us with such documents within 1 month from the date we accept your offer.
- 1.2 You may terminate this Contract before any of the Amount of Credit has been advanced. If you do, however, we may retain or require payment of fees or charges incurred before termination.

2. Your payment obligations

- 2.1 You must:
 - (a) repay the loan by making the repayments set out in the Schedule;
 - (b) pay the fees and charges set out in the Schedule or otherwise imposed by us under this Contract. In respect of fees and charges which are not included in the Amount of Credit, you must pay them to us when they are incurred by you (if a fee is stated to be payable to a third party, we will make this payment to the third party once we receive the payment from you);
 - (c) pay interest as described in clause 3; and
 - (d) pay all other amounts, including amounts which have not been debited to the Loan Account, which this Contract requires you to pay, including enforcement expenses we reasonably incur.
- 2.2 You authorise us to debit fees and charges to your Loan Account when they are incurred.
- 2.3 You can request to move a repayment to a date after the scheduled due date for the repayment and we may approve or decline your request in our absolute discretion.
- 2.4 If your request under clause 2.3 is approved, we will notify you of your new repayment date and you will incur a variation fee.
- 2.5 You can make additional repayments at any time. However, despite making any additional repayments, you must continue to make repayments described in the Schedule until all amounts payable under this Contract have been paid.
- 2.6 You must make your scheduled repayments to us by direct debit, and may make additional repayments by direct debit, BPAY or bank transfer, (or in a way which we approve) in full without set-off or deduction for any reason. You must also make them in such manner as we require from time to time.
- 2.7 You must, at all times, have a valid direct debit request in place.
- 2.8 We may apply any payment you make in the manner we choose.
- 2.9 You will not be taken to make a repayment if the repayment is reversed by any means.

Changes to repayments and fees and charges

- 2.10 We may, at any time, change the amount, number, frequency and/or time of repayments or change the method of calculation of repayments or vary the fees or introduce new fees, without your consent by giving you 20 days notice in writing. However, if a change to repayments decreases your obligations or extends the time for payment, we may notify you afterwards.

3. Interest charges

- 3.1 Interest will accrue daily on the Unpaid Daily Balance of your Loan Account at the Daily Percentage Rate. It does not form part of the Unpaid Daily Balance of your Loan Account but must be paid by you as part of your repayments and on payout of the Loan Account.

Changes

- 3.2 We may, at any time, change how we calculate interest charges, and we may choose to debit interest charges or change the time of such debiting. Such changes may be made without your consent by giving you 20 days notice in writing. However, if a change decreases your obligations, we may notify you afterwards.

4. Default and its consequences

When are you in default?

- 4.1 You are in default if:
- (a) you do not pay on time any amount due under this Contract or you fail to comply with any of your other obligations under this Contract; or
 - (b) you become bankrupt, are wound up or become subject to administration or receivership or any similar thing under any law; or
 - (c) we discover you gave us misleading or untrue information in relation to this Contract; or
 - (d) you have breached the terms of any Related Contract (such as the terms which relate to your use of the Platform) or we send a notice to you ending any Related Contract, and we have reasonable grounds to believe that, as a result of the breach or termination of the Related Contract:
 - (i) you will breach a term of this Contract; or
 - (ii) the events described in the above paragraphs will occur.

What can happen if you are in default?

- 4.2 If you are in default, subject to the requirements of any applicable law, you must pay us on demand the outstanding balance of the loan and all other money payable under this Contract, including our reasonable enforcement expenses.
- 4.3 Our right to enforce this Contract under this clause 3.2 is subject to you failing to remedy the default within the time allowed by any notice we must give you under any applicable provisions of the Credit Code. You will be deemed to have failed to remedy the default if, at the end of the time allowed by that notice, you have not remedied the default specified in the notice or you have committed, and failed to remedy, a subsequent default of the same type.
- 4.4 In addition to exercising other rights and remedies available to us, we may require you to pay reasonable enforcement expenses which we reasonably incur. You must pay the amount on demand. We may, and you authorise us to, debit the amount of any such enforcement expense to your Loan Account.
- 4.5 For clause 4.4, reasonable enforcement expenses include our internal and external expenses:
- (a) in enforcing or taking any action to recover any amounts owing; and
 - (b) otherwise in connection with our rights under this Contract.

5. General matters

Rights not waived

- 5.1 Our rights under this Contract are unaffected by any delay in exercising those rights or by giving you any time or other indulgence, except to the extent those rights are waived by any applicable provisions of any applicable legislation.

Credit Code and Australian Consumer Law

- 5.2 To the extent that the Credit Code or the Australian Consumer Law would make a provision of this Contract illegal, void or unenforceable or a provision of this Contract would otherwise not comply with a requirement of the Credit Code or the Australian Consumer Law or would impose an obligation or liability which is prohibited by the Credit Code or the Australian Consumer Law, then this Contract is to be read as if that provision were varied to the extent necessary to comply with the Credit Code or the Australian Consumer Law or, if necessary, omitted.

Adjustments

- 5.3 You authorise us to rectify any error made in processing or calculating any payment debit or credit.

Understanding this Contract generally

- 5.4 When there is more than one of you, each is individually liable for all the money owing and for all other obligations under this Contract and if any one of you is not or ceases to be liable at any time, each other will continue to be liable.

Assignment

- 5.5 We may assign, transfer, novate or participate to any person, trust or entity, or otherwise deal in any manner with any of our rights, obligations or interests under this Contract.
- 5.6 You agree we may enter into this Contract as agent for another party (**Principal**) and that we and any Principal may assign or novate our rights and obligations to another person including by way of any Security Interest over our rights under this Contract.
- 5.7 You cannot assign or transfer any of your rights under this Contract to someone else without our written consent.

Queries and complaints

- 5.8 If you have any queries or complaints regarding your Loan Account, you can email us at contact@ratesetter.com.au. We will try to help and resolve your issue at this first point of contact.
- 5.9 If we cannot do so, you can escalate your issue to the Australian Financial Complaints Authority. Their services are available to you for free. You can reach them by phone on 1800 931 678, by fax on 03 9613 6399, by post at GPO Box 3, Melbourne, Victoria, 3001 or online at www.afca.org.au.

Notices, other communications and serving documents

- 5.10 We may give you any notice or document regarding this Contract:
- (a) by handing it to you personally; or
 - (b) by leaving it at, or by sending it by post, fax, email or similar facility, to the address nominated in writing by you or, if there is no such nomination, the address of your place of residence last known to us at the time.
- 5.11 You may give us any notice or document regarding this Contract by:
- (a) sending it by post to PO Box R745, Royal Exchange, NSW 1225, Australia; or
 - (b) delivering it to our office at Level 5, 12 Martin Place, Sydney, NSW 2000, Australia.
- 5.12 A notice or other document given by us to you or by you to us will be taken to have been given:
- (a) if given personally - on the date it bears or the date it is received by the addressee; whichever is the later;
 - (b) if sent by post - on the date it bears or the date when it would have been delivered in the ordinary course of post, whichever is later; or
 - (c) if it is sent by fax or some other form of electronic transmission - on the date it bears or the date on which the machine from which the transmission was sent produces a report indicating that the notice or other document was sent to the fax number or other address of the addressee, whichever is the later.

Statements of account

- 5.13 Unless your Annual Percentage Rate is fixed or a statement of account is not otherwise required under the Credit Code, we will send you a statement of account as the same frequency as your repayments become due.
- 5.14 You may opt-in to receive electronic communications. If you do, your statements will be available for you to review on the Platform. We will send an email to you to tell you when you have a new statement to view. If you opt-in to receive electronic communications we will no longer send you a physical statement of account.

Variations and waivers

- 5.15 A provision of this Contract, or a right created under it, cannot be waived except in writing, signed by the party or parties to be bound.
- 5.16 We may agree to change, defer or waive any of the terms of this Contract without creating a new Contract.

- 5.17 We may change other provisions of this Contract (in addition to those already mentioned), but we cannot change the Annual Percentage Rate if it is fixed. We will give you written notice of these changes at least 20 days before they begin. However, if a change decreases your obligations or extends time for payment of any amount, we may notify you afterwards.

Applicable law

- 5.18 This Contract is governed by the law in New South Wales. You and we submit to the non-exclusive jurisdiction of the courts of that place.

Changes to your personal information

- 5.19 You will notify us promptly in writing if you change your name, address or any of the information you have given to us.

Trustee

- 5.20 You represent and warrant that you do not enter into this Contract as a trustee.

6. Your acknowledgements

- 6.1 By placing an order on the Platform, you offer to borrow the Amount of Credit from us, subject to this Contract.
- 6.2 By placing an order on the Platform, you also:
- (a) agree to be bound by the terms of this Contract;
 - (b) acknowledge that before agreeing to this Contract you received a copy of this Contract, including the Schedule;
 - (c) acknowledge that this Contract forms part of your offer to borrow the Amount of Credit from us;
 - (d) declare that all the information you have given is accurate and not misleading and you are aware that we are relying on it; and
 - (e) agree to notify us promptly in writing if you change your address.

Part B: Meaning of words

Defined terms

Amount of Credit is stated in the schedule.

Annual Percentage Rate means a per annum interest rate, comprised of the sum of the RateSetter Lending Platform Rate, the Platform Servicing Rate and the Risk Assurance Rate.

ASIC means the Australian Securities and Investments Commission.

Australian Consumer Law means Division 2 of Part 2 of the *Australian Securities and Investments Commissions Act 2001* (Cth).

Contract means this loan contract including the Schedule.

Credit Code means the Schedule 1 to the *National Consumer Credit Protection Act 2009* (Cth).

Credit Provider means Australian Executor Trustee Limited, ACN 007 869 794, Australian credit licence 240023.

Daily Percentage Rate equals the Annual Percentage Rate divided by 365.

Loan means the Unpaid Daily Balance.

Loan Account means an account we establish in your name for the loan made under this Contract.

Platform is the internet website and associated services provided by RateSetter.

RateSetter means RateSetter Australia RE Limited ABN 571 666 466 35, Australian credit licence 449176.

RateSetter Account Management Fee is the fee described as such in the Schedule.

RateSetter Lending Platform Rate is the rate described as such in the Schedule.

Platform Servicing Rate is the rate described as such in the Schedule.

Related Contract means an agreement which you entered into via the Platform and pursuant to which we entered into this Contract, and which is not covered by the schedule which applies to this Contract.

Risk Assurance Rate is the rate described as such in the Schedule.

Credit provided by Australian Executor Trustees Limited ACN 007 869 794, Australian credit licence 240023, as custodian of the RateSetter Lending Platform

Schedule means the Loan Contract Schedule provided with these terms which together make up this Contract.

Settlement Date is the date the Amount of Credit (or any part of it) is disbursed under this Contract.

Unpaid Daily Balance for a Loan Account at any time means the difference between all amounts credited and all amounts debited by us to your Loan Account.

we, us or our means Australian Executor Trustee Limited, ACN 007 869 794, Australian credit licence 240023, as custodian of the RateSetter Lending Platform.

you means the person named in the Schedule as "Customer" and your has a corresponding meaning, and includes your successors and assigns.

Interpretation

In this Contract, unless the context indicates a contrary intention, a reference to:

- (a) any party includes that party's executors, administrators, successors, substitutes and assigns, including any person taking rights under this Contract by novation;
- (b) this Contract, or to any other deed, agreement, document or instrument includes respectively this Contract or such other deed, agreement, document or instrument as amended, novated, supplemented, varied or replaced from time to time;
- (c) words importing the singular shall include the plural (and vice versa);
- (d) headings are for convenience only and shall not affect interpretation; and
- (e) a clause is a reference to a clause in this Contract; and 'includes' or 'including' means 'includes, without limitation' or 'including without limitation'.

INFORMATION STATEMENT

THINGS YOU SHOULD KNOW ABOUT YOUR PROPOSED CREDIT CONTRACT

This statement tells you about some of the rights and obligations of yourself and your credit provider. It does not state the terms and conditions of your Contract.

If you have any concerns about your Contract, contact the credit provider and, if you still have concerns, your credit provider's external dispute resolution scheme, or get legal advice.

THE CONTRACT

1 How can I get details of my proposed credit Contract?

Your credit provider must give you a precontractual statement containing certain information about your Contract. The precontractual statement, and this document, must be given to you before -

- your Contract is entered into; or
- you make an offer to enter into the Contract;

whichever happens first.

2 How can I get a copy of the final Contract?

If the Contract document is to be signed by you and returned to the credit provider, you must be given a copy to keep. Also, the credit provider must give you a copy of the final Contract within 14 days after it is made. This rule does not, however, apply, if the credit provider has previously given you a copy of the Contract document to keep.

If you want another copy of your Contract, write to the credit provider and ask for one. Your credit provider may charge you a fee. Your credit provider has to give you a copy-

- within 14 days of your written request if the original Contract came into existence 1 year or less before your request; or
- otherwise within 30 days of your written request.

3 Can I terminate the Contract?

Yes. You can terminate the Contract by writing to your credit provider so long as -

- you have not obtained any credit under the Contract; or
- a card or other means of obtaining credit given to you by your credit provider has not been used to acquire goods or services for which credit is to be provided under the Contract.

However, you will still have to pay any fees or charges incurred before you terminated the Contract.

4 Can I pay my credit Contract out early?

Yes. Pay your credit provider the amount required to pay out your credit Contract on the day you wish to end your Contract.

5 How can I find out the pay out figure?

You can write to your credit provider at any time and ask for a statement of the pay out figure as at any date you specify. You can also ask for details of how the amount is made up.

Your credit provider must give you the statement within 7 days after you give your request to your credit provider. You may be charged a fee for the statement.

6 Will I pay less interest if I pay out my Contract early?

Yes. The interest you can be charged depends on the actual time money is owing. However, you may have to pay an early termination charge (if your Contract permits your credit provider to charge one) and other fees.

7 Can my Contract be changed by my credit provider?

Yes, but only if your Contract says so.

8 Will I be told in advance if my credit provider is going to make a change in the Contract?

That depends on the type of change. For example -

- you get at least same day notice for a change to an annual percentage rate. That notice may be a written notice to you or a notice published in a newspaper;
- you get 20 days advance written notice for-
 - a change in the way in which interest is calculated; or
 - a change in credit fees and charges; or
 - any other changes by your credit provider;

except where the change reduces what you have to pay or the change happens automatically under the Contract.

9 Is there anything I can do if I think that my Contract is unjust?

Yes. You should first talk to your credit provider. Discuss the matter and see if you can come to some arrangement.

If that is not successful, you may contact your credit provider's external dispute resolution scheme. External dispute resolution is a free service established to provide you with an independent mechanism to resolve specific complaints.

Your credit provider's external dispute resolution provider is the Australian Financial Complaints Authority and can be contacted at 1800 931 678, www.afca.org.au or GPO Box 3, Melbourne VIC 3001.

Alternatively, you can go to court. You may wish to get legal advice, for example from your community legal centre or Legal Aid.

You can also contact ASIC, the regulator, for information on 1300 300 630 or through ASIC's website at <http://www.asic.gov.au>.

GENERAL

10 What do I do if I cannot make a repayment?

Get in touch with your credit provider immediately. Discuss the matter and see if you can come to some arrangement. You can ask your credit provider to change your Contract in a number of ways -

- to extend the term of the Contract and reduce the payments; or
- to extend the term of your Contract and delay payments for a set time; or
- delay payment for a set time.

11 What if my credit provider and I cannot agree on a suitable arrangement?

If the credit provider refuses your request to change the repayments, you can ask the credit provider to review this decision if you think it is wrong.

If the credit provider still refuses your request you can complain to the external dispute resolution scheme that your credit provider belongs to. Further details about this scheme are set out in question 13.

12 Can my credit provider take action against me?

Yes, if you are in default under your Contract. But the law says that you cannot be unduly harassed or threatened for repayments. If you think you are being unduly harassed or threatened, contact the credit provider's external dispute resolution scheme or ASIC, or get legal advice.

13 Do I have any other rights and obligations?

Yes. The law will give you other rights and obligations. You should also **READ YOUR CONTRACT** carefully.

IF YOU HAVE ANY COMPLAINTS ABOUT YOUR CREDIT CONTRACT, OR WANT MORE INFORMATION, CONTACT YOUR CREDIT PROVIDER. YOU MUST ATTEMPT TO RESOLVE YOUR COMPLAINT WITH YOUR CREDIT PROVIDER BEFORE CONTACTING YOUR CREDIT PROVIDER'S EXTERNAL DISPUTE RESOLUTION SCHEME. IF YOU HAVE A COMPLAINT WHICH REMAINS UNRESOLVED AFTER SPEAKING TO YOUR CREDIT PROVIDER YOU CAN CONTACT YOUR CREDIT PROVIDER'S EXTERNAL DISPUTE RESOLUTION SCHEME OR GET LEGAL ADVICE.

EXTERNAL DISPUTE RESOLUTION IS A FREE SERVICE ESTABLISHED TO PROVIDE YOU WITH AN INDEPENDENT MECHANISM TO RESOLVE SPECIFIC COMPLAINTS. YOUR CREDIT PROVIDER'S EXTERNAL DISPUTE RESOLUTION PROVIDER IS THE AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY AND CAN BE CONTACTED ON 1800 931 678, www.afca.org.au, GPO BOX 3, MELBOURNE, VIC 3001, AUSTRALIA.

PLEASE KEEP THIS INFORMATION STATEMENT. YOU MAY WANT SOME INFORMATION FROM IT AT A LATER DATE.