



## **DOC 3-2019 ACfA Charter of Good Conduct**

**Last updated: 26 January 2020**

The present Charter of Good Conduct must be adhered to by all ACfA Members. It is also required of applicants to the ACfA Label.

This Charter does not replace any national compliance requirements that may be in place for crowdfunding intermediaries, and intermediaries are responsible for verifying the same.

ACfA Members may make this Charter available to their clients, prospective clients and partners in order to build trust and maintain high standards of conduct in the crowdfunding industry.

ACfA reserves the right to rescind membership of a ACfA Member that does not adhere to this Charter.

*Note: The following Articles do not apply to Members which operate donations-based crowdfunding platforms: Article 2.1 Section 2.2; Article 3; Article 4.*

### Article 1: KNOWLEDGE OF LAW

- Members must know about and comply with the regulations and compliance requirements pertaining to crowdfunding, if any, that have been put in place by the national regulators.

### Article 2: CLIENT INTERESTS

#### Section 2.1 LOYALTY TO CLIENTS

Members exercise their activity in a way that put their clients' interests first. To this end, they are obliged to:

- Disclose the financial and human resources available to conduct their activity adequately,
- Not engage in any service to a client for which they do not possess the required expertise, knowledge and resources,
- Possess any relevant company insurance policies,
- Communicate relevant information to their clients, including:

- Company or Association registration number and document,
- ACfA Member registration number
- ACfA Label registration number, if applicable
- Collect relevant legal information pertaining to their clients, including:
  - Company registration status for project sponsors,
  - Proof of Identification (passport, ID) for crowdfunders,
- Maintain strict confidentiality of all client data and protection of their privacy in compliance with national laws where applicable,
- Maintain secure client databases,
- Ensure that client data is not used for any purpose other than those disclosed to their clients.

### Section 2.2 SUITABILITY

Members must:

- Inform themselves about their clients' financial situations, financial experience and financial goals,
- Categorise their clients according to their risk profile and financial sophistication,
- Protect their clients by ensuring that the crowdfunding operations presented to them are suitable for their category.

### Section 2.3 FAIR DEALING

Members must deal fairly and objectively with clients when providing recommendations or analysis about project sponsors.

### Section 2.4 BALANCED INFORMATION

Members must ensure fair, balanced, accurate and complete information is communicated to clients on all aspects of their activity.

## Article 3. COMMUNICATION WITH CLIENTS AND PROSPECTIVE CLIENTS

Members must:

- Inform clients and prospective clients of the investment process.
- Inform clients and prospective clients of the risks of the investment process
- Distinguish between fact and opinion in the presentation of analysis
- Provide full transparency to clients regarding their compensation structures, fee structures and any relevant commissions and success fee structures.

## Article 4. COMPETENCIES

Members exercise their activity with the expertise, care and diligence that are required to best serve their clients' interests. Therefore, they are obliged to demonstrate that **at least one member of the company's executive team** has academic qualifications and/or experience in adequation with their activity:

- A Bachelor (undergraduate) degree in Accounting, Economics, Finance, Business Administration, or equivalent
- A diploma or certification from a locally or internationally recognised professional examination such as the Chartered Financial Analyst or Chartered Professional Accountant certifications.
- Relevant professional experience
- Members are also required to maintain their expertise and knowledge up to date with industry changes.
- Members ensure that their staff have the necessary expertise to provide services to clients.

#### Article 5. CONFLICTS OF INTEREST

- Members must make full disclosure of conflict(s) of interest: all matters that could impair objectivity and independence or interfere with the duties to clients (investors and entrepreneurs) and employers. Common sources of conflict of interest are compensation structures and referral fees.
- Members must strive to avoid conflict of interests and disclose their management and mitigation of conflicts of interest that may arise.
- Members exercise their activity in independence. As such, they are obliged to:
  - Act loyally and equitably in the best interests of their clients,
  - Inform their clients or prospective clients of any contractual link of a financial, personal or professional nature with a project sponsor, or with an administrative, commercial or financial organisation, that may harm its independence,
  - To avoid conflicts of interest, and, when the latter cannot be avoided, to ensure that the clients are treated equitably or terminate the service provision.

#### Article 6. ETHICS

- Members commit to honesty, probity and professional integrity.
- Members commit to protecting the crowdfunding industry by signalling unethical practices of which they are aware which may compromise the collective integrity of ACfA and its Members.

#### Article 7. ANTI-MONEY LAUNDERING

- Members must be aware of the rules and legal procedures in force regarding anti-money laundering and anti-terrorism financing.
- Members must respect the above-mentioned rules and legal procedures and also agree to report to the relevant authorities and organisations any transaction or situation of which they are aware that is susceptible to be an act of money laundering or terrorism financing.

#### Article 8. RECORD RETENTION

- Members must maintain appropriate records pertaining to crowdfunding operations for a minimum of 5 years.

- Members agree to disclose records to, and cooperate with, the relevant authorities in any investigation regarding a crowdfunding operation to which they have been party.

Name, Surname

for the individual authorised by the Member

Member Name:

Date :

Place:

Signature :

for the individual authorised by the Member