

AMF Position-Recommendation

Marketing of crowdfunding offers, calculation of default rates and run-off management of platforms – DOC-2018-02

References: Articles L. 411-2 I bis and L. 547-1 et seq. of the French Monetary and Financial Code, Articles 217-1, 314-31, 325-32, 325-35, 325-36 and 325-38 of the AMF General Regulation.

Applicability

This position-recommendation applies to crowdfunding investment advisors (CIAs) and investment services providers offering crowdfunding advice (ISP-CAs).

1. Brief description of public offerings

Position

The website through which the CIAs and ISP-CAs conduct their activity must comply with certain requirements.

A brief description of the offer proposal may include only the following:

- the issuer's name, legal form and stage of development, and an overview of its business (nature, geographical area, etc.);
- whether the offer is direct or indirect, the target amount and the amount raised so far; and
- the closing date for investment.

Tax eligibility may also appear provided that regulations on eligibility criteria are also mentioned. This is a closed list.

More detailed and specific information about the company must not be disclosed until after risk acceptance. Such information may include:

- the Trade and Companies Register number;
- historic and provisional financial information;
- the company's valuation;
- details about the company's business;
- the platform's opinion about the proposal;
- the key regulatory information document (DIRS)¹ and its constituent information: the proposed funding offering (legal nature of the security, price, return objective, percentage of capital offered, where applicable), it being understood that for bond or minibon subscription offerings, the annual interest rate and return on maturity can be mentioned only on the page containing the detailed description of the proposal.

2. Promotional information

All information provided by CIAs and ISP-CAs, including that of a promotional nature, must be accurate, clear and not misleading. This information is presented in a balanced way².

¹ Or the full regulatory information document, where applicable.

² Pursuant to article L. 547-9-11° of the Monetary and Financial Code.

To be accurate, the information must present the various characteristics of the offer in a balanced way. In particular, platforms must refrain from highlighting the potential benefits of an investment without also clearly and accurately mentioning its related disadvantages and/or any corresponding risks.

To be clear, any information about the main characteristics of the product must be sufficient and presented in a way that is easy for investors to understand.

Information is misleading if it presents the offer in a distorted or partial way with a view to encouraging investment. To not be misleading, information must not distort, minimise or conceal certain elements, declarations or warnings.

The Autorité des Marchés Financiers (AMF) reiterates that any form of misleading sales practice is outlawed in France.

Position

With regard to the quality of information provided to the client, CIAs are subject to the same requirements as ISP-CAs, namely ensuring that all existing or potential clients can easily understand the services offered by the platform, the offer proposal and the detailed offer.

Any information that CIAs and ISP-CAs provide to their clients must be comprehensible, complete and balanced in terms of presenting benefits and disadvantages.

The accuracy of the information is assessed on the basis of a balanced presentation of the different characteristics of the offer proposal or the detailed offer, which must not conceal any significant element. Risks must be presented at least as clearly as benefits. The space allocated to the least favourable aspects and the typography used help to determine the accuracy of the information.

For example:

- **any average yield or amortisation schedule of a bond must be formulated so as not to lull investors into a false sense of security;**
- **neither the project funding status percentage nor the promise of a return should be provided.**

For bond or minibon offers, investors must be clearly warned about the issuer solvency risk with a statement such as “the higher the yield, the greater the risk of capital loss or unpaid interest”, including when the offered yield is set by an auction process.

Particular care should be taken to ensure that the typography, especially the font size, and the colours used to present performance information do not make this information stand out. For example, using colour or bold type for the warning on risks helps to make this more visible. The font size used for the performance data must be in proportion to, or the same as, the one used for the other characteristics of the product, including the risks.

Care must also be taken to ensure that the images which illustrate the offer do not mislead the investor into thinking that they represent the platform’s actual proposal when, in fact, they are simply illustrations for commercial purposes. As such, “stylised” performance graphs which have no axes and do not necessarily correspond to the real performance of the security on offer, should be avoided.

When investment services or financial instruments are compared, the comparison must be relevant, accurate and balanced, the sources must be specified and the facts and assumptions used must be indicated. This applies, for example, to a comparison of activities (crowdfunding vs collective investment) or asset classes (equities vs bonds or minibons).

Position

When describing its activity, the platform should refrain from using complimentary language that might promote its services and proposals.

In practice, when the platform presents the online offer selection process, potential investors should not be under the illusion that the offers mentioned are free from risk.

Equally, comparative or superlative expressions such as “the better projects” or “the most attractive opportunities” should be avoided. Sales hooks boasting of “growing companies”, “audited projects”, “transparent investments” or “secure services” should be avoided because they may turn out to be misleading, if not inaccurate.

Past or future performance should not be the central focus of offer communications. This is not exhaustive and may cause people to invest on the basis of incomplete or misleading information.

Position

Any communication that mentions only the potential performance of the offers available on the platform is not permitted. The platform must not mention offers that have been successfully completed or are currently being redeemed, the success rate of offers or the take-up rate of offers, without also informing potential investors about abandoned, loss-making or defaulting offers. A low default rate cannot be presented as an indicator of the quality of the projects on the platform. When the platform mentions successful exits, it must also clearly mention in the same place the loss-making projects and total amounts invested, thereby enabling calculation of loss or default rates.

When information is given about a specific tax treatment, it must appear next to a warning about the compulsory detention period of the security and the fact that the tax treatment may be further amended and depends on each client’s individual situation.

Position

Regardless of whether the funding proposal offers partial tax exemption, the platform must add that tax benefits also come with a risk of capital losses and assets being frozen for a period that is dependent on the nature of the offer but will generally be longer than the minimum detention period for tax purposes.

Except where mentioning them is compulsory, CIAs and ISP-CAs must not cite the name of any competent authority to avoid indicating or implying that said authority approves or supports the platform’s offers or services.

Position

The promotion of the product must not include the logo of a regulator (such as the AMF), the French “regulated crowdfunding platform” label or the ORIAS registration number.

With regard to simulation of future performance, AMF recommendation DOC-2017-07 on future performance simulations applies to CIAs and ISP-CAs. It makes recommendations on how investors should be informed about the performance simulation tools used by CIAs and ISP-CAs and the technical aspects to designing these tools.

Communication channels

The aforementioned requirements of being accurate, clear and not misleading apply to an individual communication about an offer proposal and, as a whole, to the various communications about the same proposal.

As such, when the level of detail of the information contained in these communications depends on its nature, or when the offer proposal or detailed offer is presented in several documents (or several messages in the case of publication via social media³), one of them must not focus more on the benefits and direct the investor to another document for the disadvantages; in such a case, the information is adjudged to be misleading. For example, this includes both the website (home page, project pages, FAQ page) and channels away from the website, such as the follow-up emails the platforms sends to its investors and the search engine indexing paragraphs.

These principles apply to the DIRS and to all documents behind hyperlinks intended to aid understanding of the activity of the issuer, its funded target company or the group to which it belongs.

Position

Any message that mentions the performance of the platform or elements of an offer proposal (e.g. a web banner, email or tweet) must also carry a disclaimer along the lines of “capital is not protected” and/or “past returns are no indication of future performance”. These two disclaimers must appear provided they are suitable for the message.

CIA and ISP-CAs are responsible for the information they publish, but also for the information they relay without having authored themselves (e.g. a retweet on Twitter). As such, the CIAs and ISP-CAs are respectively responsible for ensuring that all information released is compliant with regulations.

3. Information on risks and charges

With regard to risk disclosure, the public pages of the CIA/ISP-CA website and those describing the detailed offers should readily and clearly include the following information: the inherent risks of the proposed investments, particularly the risk of total or partial capital loss and illiquidity risk, and for minibon offers pursuant to article L. 223-6 of the Monetary and Financial Code, the issuer default risk including the default rate, which must be calculated under applicable regulations. The same applies to any promotional communication⁴.

Position

On the detailed offer presentation pages and in the DIRS, the CIA or ISP-CA must ensure that the risks are adapted to the specific characteristics of the issuer, the funded activity and the securities on offer. Clients must be able to assess the related risks so they can make a fully informed investment decision.

For example, for bond or minibon offers, specific mentions such as these need to be added: “investment in bonds entails a risk of losing all your capital in the event of default for the sake of limited potential returns”.

In the event of indirect funding, for example real estate projects, the default risks of the target company, the issuer and the promoter must be clearly indicated.

³ Understood to mean all technologies that enable online social interaction and collaborative content creation. These include: dedicated personal sites, such as blogs; social networks that allow users to exchange and publish content (Facebook, Twitter, LinkedIn, Viadeo, Google plus, YouTube, Instagram, Vine, Pinterest, Twitch.tv, etc.); and discussion forums. This is not an exhaustive list.

⁴ Pursuant to article L. 547-9 5° of the Monetary and Financial Code.

This information shall appear, in detail, on the public pages, for example under a dedicated risk section of the FAQ page.

On the pages for detailed offers open to investors who have registered and accepted the risks as specified in AMF position DOC-2014-10, information about the risks must appear in short form at the top of the page or the main tab of the detailed offer presentation, provided it can be immediately accessed from anywhere on the page and features, in a proportionate manner, the elements that are most crucial to aiding the investor's understanding of the offer.

For each project it puts before a client, the CIA must supplement in the DIRS the information sent to the client prior to investment by way of mentioning the project's inherent risks, particularly the risk of total or partial loss of capital, the illiquidity risk and the risk of non-valuation, it being understood that the CIA verifies the consistency, clarity and balanced nature of this information.

Position

The risk of non-valuation mentioned in the DIRS refers to the CIA not valuing the security sold by the investor on the secondary market.

With regard to section VI "Intervention of company/ies between the issuer and the project" of the DIRS templates attached to AMF instruction 2014-12, if the issuer is not the project initiator (the "funded target"), all the sections mentioned previously in the DIRS in relation to the issuer of the offered securities are supplemented by information of a similar nature on the project initiator and, where applicable, each company that intervenes between the project initiator and the offer initiator. An organisational chart shows any such intermediate companies. Information is provided about any contractual agreements between the aforementioned companies⁵.

Position

Particularly close attention should be paid to the description, which appears on the detailed presentation pages of the site and in the DIRS, of the risks associated with any agreements between the funded target company and any holding company it may have.

A simple diagram is not sufficient to properly inform investors about the existence of partners' current accounts or cash management agreements. The breakdown of funds contributed to capital and partners' current accounts or by cash management agreements must be provided. Any diagram should be accompanied by a description of the main clauses of any agreements between the holding company and the funded target company. There must be a hyperlink to the agreements and their annexes so that investors can have access to all the legal documents they need to understand the agreements between the issuing holding company and the funded target company that is leading the project.

The specific risks associated with resorting to partners' current accounts or cash management agreements in order to bring funds to a target company (a limited liability company or an unlimited liability company) must be described. In particular, it should be made clear in a prominent manner that should an unlimited liability target company run into financial difficulties, the current account or cash management agreements can be broken and the holding company may be called upon to contribute additional investment.

Investors must be aware that the holding company, where applicable, has no particular guarantee of preferred status over other creditors of the target company, including said target company's banking creditors.

⁵ AMF instruction on information to be provided to investors by the issuer and crowdfunding investment adviser or investment services provider within the framework of crowdfunding – DOC - 2014-12.

If the holding company is a creditor of the target company, a warning must also be served that the holding company has no decision-making authority regarding debt contractualisation or the fate of the target company if in default.

With regard to fee disclosure, CIAs and ISP-CAs must inform their clients in an appropriate manner of the nature of the services they provide to securities issuers and the related fees, as well as the legal nature and scope of any relationships they have with issuers⁶.

For each project it puts before a client, the CIA or ISP-CA must supplement in the DIRS the information sent to the client by the issuer prior to investment by way of mentioning (i) a breakdown of fees charged to the investor, and (ii) the possibility of receiving, upon request, a description of the services provided to the issuer of the securities earmarked for investment and the related fees. The CIA must also, in an honest, fair and professional manner, inform the client of any remuneration, commission or non-monetary benefit paid or provided to or by a third party, of the nature and amount of said remuneration, commission or benefit or, where the amount cannot be determined, its calculation method, it being understood that this information is provided in a complete, accurate and comprehensible manner before the advisory service is provided.

Position

Information regarding fees shall appear, in detail, on the public pages, for example under a dedicated fees section.

On the pages for detailed offers open to investors who have registered and accepted the risks as specified in AMF position DOC-2014-10, information about fees must appear in short form at the top of the page or the main tab of the detailed offer presentation, provided it can be immediately accessed from anywhere on the page. The platform must indicate the total of all the fees it receives, inclusive of tax.

More generally, messages implying that the investor will not incur any fees should be avoided, unless there is a specific circumstance in which this is accurate.

Information on fees and risks by offer type

Position

Once a potential investor finds themselves on a page that describes an offer proposal or detailed offer, all the information on fees and risks must be grouped together so it can be read at the same time.

For example, for bond and minibon offers, it is important to draw investors' attention to the issuer's ability to fulfil its obligations and to the degree of risk attached to the securities in question. The following information should also appear at the top of the detailed project description page, close to the "invest" or "find out more" button:

- an overview of total fees, as described above;
- the generic risks associated with any investment in unlisted securities;
- specific information (in non-technical language) about the bond's priority of claim and its consequences for investors;
- the taxation of bond investments; and
- the project-specific major operational risks.

Furthermore, in order to not be misleading, the communication will be based on the actuarial yield rather than the nominal yield. Potential investors could also receive a short explanation regarding the rights attached to the bonds and how these can be exercised in the event of a problem.

⁶ Pursuant to article L. 547-9 7° of the Monetary and Financial Code.

For example, the detailed project description page for equity offers (regardless of whether there is the possibility of partial tax exemption) should include:

- **an overview of total fees, as described above;**
- **the generic risks associated with any investment in unlisted securities;**
- **the project-specific major operational risks; and**
- **the fact that taxation depends on the individual situation of each client and may be further amended, and, where applicable, a warning about the compulsory detention period of the security and that the tax benefit also comes with a risk of capital losses and assets being frozen for a period that is dependent on the nature of the offer but will generally be longer than the minimum detention period for tax purposes.**

4. Sending promotional information

The requirement of being accurate, clear and not misleading applies to all promotional information sent to, or likely to reach, clients who are potential or existing investors. The regulatory requirements governing promotional information apply regardless of the communication channel, i.e. including but not limited to Twitter, email or Facebook.

When issuing promotional information, the CIA or ISP-CA is generally communicating either about its activities (corporate communication) or an offer proposal⁷.

If the crowdfunding platform is promoting its services by way of corporate communication and sending an e-newsletter to potential investor clients, the email should direct the recipient only to the public pages of the website, i.e. the offer proposal description pages accessed prior to reading and accepting the risks⁸.

Promotional communications must be clearly identifiable as such⁹. They must include a prominent and easily accessible mention of the inherent risks of the investments that the platform is authorised to market¹⁰.

With regard to the accuracy of the information, the following are prohibited:

- presenting the risks of the offer proposal or detailed offer at the bottom of the promotional information while the benefits are featured in the main body of the document;
- simplified sales hooks that mention only one aspect of the security on offer, particularly preference shares, equity securities or convertible bonds;
- failing to specify in the promotional information that the return indicated is exclusive of investment-related fees, charges and taxes;
- failing to mention, or not mentioning prominently, in the promotional information the fees associated with the offer;
- using a sales hook that lazily associates performance with security.

Position

The CIA or ISP-CA risks not complying with the rules on gradual access if the potential investor is prompted to agree to a detailed offer without having been through the gradual information access stages or receives one or more characteristics of the detailed offer. For example, promotional information about a bond offer proposal cannot include the rate and yield of the bond. Equally, a promotional email must not enable the client to agree to a detailed offer via hyperlinks.

⁷ See the position on the brief description of public offerings.

⁸ Pursuant to the aforementioned AMF position 2014-10.

⁹ See article L. 547-9-11° of the Monetary and Financial Code.

¹⁰ Pursuant to article L. 547-9 11° of the Monetary and Financial Code.

The CIA or ISP-CA must ensure that any reference to an offer or offer proposal in a press article, advert or press release online or via any other channel appears only after it has been registered with ORIAS. An article appearing in the press or any other medium that might prejudice the platform's pending registration process is against regulations.

5. Run-off management of platforms¹¹

5.1. Background

The crowdfunding investment advice business involves using a website to connect the legal entities behind a given project with natural or legal persons who will lend them money with or without interest. While these two parties can independently enter into contractual relations, it is the CIA or ISP-CA that has made this possible through its online platform, which provides them with a subscription agreement template and a cash flow management system.

Run-off management refers to all the resources and procedures which ensure that the funding operations can be successfully concluded in the absence of the CIA or ISP-CA. It implies that the CIA or ISP-CA has been able to define the key funding management processes that need to be performed for the operations to be successfully concluded.

As such, the aim of this recommendation is to specify how the AMF expects CIAs and ISP-CAs to implement run-off management regulatory requirements.

5.2. Regulation

Article L. 547-9 15° of the Monetary and Financial Code states that CIAs “*must define and organise the methods for monitoring operations associated with interest-bearing notes, including in the event that the crowdfunding investment advisor ceases to operate*”.

To this end, article 325-69 of the AMF General Regulation states that “[...] *should it no longer be able to carry out its activities, the crowdfunding investment advisor will enter into an agreement with a payment services provider or agent providing payment services regarding the run-off management of said activities*”.

5.3. Scope of the recommendation

This recommendation applies to the CIAs and ISP-CAs mentioned in article L. 547-1 of the Monetary and Financial Code.

5.4. Recommendations

In order to ensure a suitable, secure and transparent run-off management, and in compliance with the provisions of article L.621-6 of the Monetary and Financial Code, the AMF recommends that CIAs marketing minibons employ the practices below.

Means and procedures

¹¹ Position drawn up by the French Prudential Supervisory Authority (ACPR), amended to be applicable to CIAs and ISP-CAs (platforms) marketing minibons.

Recommendations

- 1) Draw up a map of all the key crowdfunding advice processes in order to identify those which are indispensable to the continuity of services provided to the clients, lenders and project leaders.**
- 2) Identify the key processes that should be entrusted to the payment service provider (PSP) or PSP agent, pertaining to both the investors and the project leaders, in order to ensure that the activity is carried out until the minibons mature, in relation to the stipulations of the minibons issue contracts but also the platform's general terms of sale and use (CGUV).**

For example, the repayment process could be analysed as a whole to ensure continued withdrawals from the project leaders' payment account (SEPA direct debit mandate), whilst anticipating events that are likely to occur over the lifetime of the loan (change in bank details, whether there is provision for early repayment) and have been provided for in the various contracts.

Equally, if the platform's CGUV include guarantee and/or insurance mechanisms or enable the platform to recover unpaid receivables, analysis of these processes is required to enable them to be transferred in the event that the platform ceases to trade.

Recommendation

- 3) Identify all contractual relations that the platform has entered into for the purpose of managing its activity, so that the PSP or PSP agent can directly take over the activities necessary to implement the run-off management of the business, or the contracts with third parties can include terms and conditions for replacing the platform, and analyse any restrictions and procedures that need to be upheld to enable this transfer.**

It is particularly useful to examine the terms and conditions for transferring investors' personal information to third parties, especially with regard to personal data rules.

This may arise, for example, if a platform has mandated a service provider to recover unpaid receivables.

Recommendation

- 4) Document and maintain the analysis of these processes and the list of contractual partners that intervene throughout the term of the minibon issue contract.**

Contract entered into with the PSP or PSP agent

Recommendation

- 5) Prepare and contractualise with the PSP or PSP agent, prior to setting up the operations:**
 - any payment terms and conditions for all the services that will be performed by the PSP or PSP agent for the run-off management of the activity;
 - the list of data and a data transmission protocol, including the transmission method and format, to enable the management of the activity to be transferred;
 - the conditions under which the platform can take back a service it has outsourced to a third party, or the option for the PSP or PSP agent to introduce a further level of outsourcing.

These measures will ensure that the PSP or PSP agent is able to resume management of all the operations that need to be performed as part of the run-off management.

Recommendation

- 6) Maintain an updated list of services or activities not to be taken on by the PSP or PSP agent, by identifying the operations that are unlikely to last, and verify that they will not prevent minibon issuers or investors from exercising their contractual rights and obligations.**

For example, if the platform's website is scheduled to close on account of licence payments to a third-party developer being stopped, it would be sensible to think about the consequences of this and the minimum alternative measures that should be put in place until the end of the operations, including access to information made available in the minibon issuers' and investors' client area.

Recommendation

- 7) Check regularly that the contract with the PSP or PSP agent is up to date, and in particular that it takes account of all changes to the processes involved in run-off management.**

For example, if the platform makes a significant change during the activity to its default minibon subscription agreement, it should verify that the change does not affect its agreement with the PSP or PSP agent with regard to run-off management of this activity.

Tests and technical requirements of run-off management

Recommendations

- 8) Perform integrity tests on the data (mentioned in 3.1.5.) exchanged by the two information systems of the platform and the PSP or PSP agent.**
- 9) Ensure that the flows are traceable at every payment operation execution level so that the operations can be reconstructed.**
- 10) Check that the run-off management system is working properly by carrying out activity transfer tests (IT switch).**
- 11) Evaluate the test results and implement remedial actions as quickly as possible to ensure that the switch works properly.**
- 12) Document system tests and remedial actions that have been or will be carried out.**

Run-off management disclosure

Recommendations

- 13) Provide clear, balanced and upstream information about the general run-off management system, describing how a cessation of the platform's activity would affect the minibon issuers and investors, identifying the PSP or PSP agent responsible for the run-off management and specifying any rights or services that might not be retained in the event of run-off management.**

For example, if a service offered by the CIA or ISP-CA (such as a guarantee fund) is not taken on by the PSP or PSP agent, this must be specified in information provided prior to use of the platform.

- 14) Ensure that the contract entered into with the PSP or PSP agent contains the deadlines and responsibilities pertaining to communicating with the minibon issuers and investors should the activity be subjected to run-off management.**

- 15) **Ensure that, in the case of run-off management, the contract entered into with the PSP or PSP agent makes provision for the PSP or PSP agent to inform the platform's clients about its role and responsibilities in relation to run-off management and in accordance with the agreements reached with the platform.**
- 16) **Where applicable, warn clients of the need to safeguard contractual documents prior to the website closing.**

6. **Default rates that platforms marketing minibons are obliged to publish**¹²;

This position sets out the methods used to calculate and present the default rates that must be published by CIAs and ISP-CAs.

Among other things, these default indicators enable existing and future clients of CIAs or ISP-CAs marketing minibons to assess the platform's ability to select economically viable project leaders over the last three years.

Position

Every quarter, the CIAs or ISP-CAs must publish on a prominent place on their website's home page the default indicators, namely the default rate of projects registered on the platform over the last 36 months or, if the platform is less than three years old, since it began.

These indicators correspond to:

- the sum of the capital outstanding on minibon offers as per article L.223-6 of the Monetary and Financial Code with an instalment more than two months past due plus the number of corresponding projects, divided by the sum of the capital outstanding on all loans plus the number of corresponding projects;
- the number of projects for which interest-free repayments remain unpaid every month divided by the total number of projects with ongoing repayments.

6.1. **Default rate calculation methods**

For a minibon issue, an instalment more than two months past due corresponds to an instalment which, on the default rate calculation date, has been overdue for over two months.

A minibon with capital outstanding is a minibon on which the project leader has not repaid all of the capital. Minibon issues with permanently unpaid capital (e.g. completion of court-supervised liquidation) should also be included in the calculation.

The default rates are calculated using the contractual data agreed between the project leaders and funders. The compensatory mechanisms proposed by the platforms (guarantee fund, insurance, full or partial management by the CIAs or ISP-CAs, etc.) are not factored into the default rate calculations.

- **The CIAs and ISP-CAs publish two rates relating to issues of minibons with an instalment more than two months past due, in number and amount.**
- **rate 1:** the number of projects with instalments more than two months past due divided by the total number of projects;

¹² ACPR recommendation applicable to CIAs that market minibons.

Position

$$\text{Rate 1} = \frac{N_1}{N}$$

N_i: number of projects corresponding to minibon issues with instalments more than two months past due;

N: number of projects corresponding to minibon issues with capital outstanding.

- **rate 2**: the total outstanding capital on minibon issues divided by the total outstanding capital on all corresponding minibon issues;

Position

$$\text{Rate 2} = \frac{\sum_{j=1}^{N_1} \text{CDI}_j}{\sum_{k=1}^N \text{CD}_k}$$

For j= 1 at N_i, we can see:

CDI_j: the outstanding capital for the jth minibon issue with an instalment more than two months past due

For k=1 at N, we can see:

CD_k: the outstanding capital for the kth minibon issue

- **The CIAs and ISP-CAs also publish a rate relating to minibon issues with instalments remaining unpaid every month.**

The rate is calculated quarterly by determining the monthly average of unpaid instalments during the quarter in question.

- **rate 3**: the quarterly average of each monthly calculation of the number of projects with instalments remaining unpaid every month divided by the total number of projects with outstanding capital every month.

Position

$$\text{Rate 3} = \frac{\sum_{k=1}^3 \left(\frac{I_k}{S_k} \right)}{3}$$

I_k: number of projects with instalments unpaid at the end of month k

S_k: number of projects with outstanding capital at the end of month k

k: month of the quarter in question

6.2. Publication and presentation of default rates

Position

Since applicable regulations demand quarterly updates, the three default rates are published using data from the end of each calendar quarter (March 31, June 30, September 30 and December 31) and, for rate 3, from the end of each month of each quarter under review.

The website is updated every quarter and displays the quarterly publications from the previous 36 months or, if the platform is less than three years old, since it began.