



## **Asset Based Finance Association (“ABFA”)**

### **ABFA Code for Members**

#### **2016 Edition**

### **1 Introduction**

- 1.1. This is a self-regulatory Code setting standards of good practice, probity and professionalism for ABFA Members, when offering or providing the following products and associated services to businesses in the United Kingdom and the Republic of Ireland:
  - a) Factoring
  - b) Invoice discounting
  - c) Asset based lending
- 1.2 This Code (“Code”) lays down key commitments for ABFA’s Members which are intended to ensure that Members treat clients and their guarantors fairly and responsibly in relation to the offering and delivery of these products and associated services. Any reference, in this Code or ABFA’s “Guidance to the ABFA Code” (“Guidance”) to a “client” or a “guarantor” also includes, where the context permits, a prospective client or prospective guarantor. Matters mentioned under the heading of “Explanations” are not intended to affect the key commitments set out under the next heading.
- 1.3 It is a condition of membership of ABFA that Members declare their compliance with this Code.
- 1.4 Clients and guarantors should be aware that under its Memorandum of Association, publicly filed at Companies House, ABFA itself is not a public regulatory authority and has no financial or other responsibility to anyone arising out of the actions and dealings of its Members.



## 2 The Code

2.1 Members of ABFA are required to set and maintain rigorous and exemplary professional standards in their relationships with clients and guarantors. To achieve such standards ABFA has established six key commitments which require that:

1. ABFA Members shall abide by this Code and all applicable laws and regulations.
2. ABFA Members shall act with integrity and deal fairly and responsibly with clients and guarantors.
3. ABFA Members shall provide clients and guarantors with all appropriate information in a timely and transparent manner.
4. ABFA Members shall ensure that legal documentation issued by them is clearly and unambiguously written.
5. ABFA Members shall provide effective and timely client services in accordance with their legal agreements.
6. ABFA Members shall operate their own appropriate complaints procedures and ABFA may from time to time request details of such procedures and anonymised data as to their outcomes.

## 3 Guidance to ABFA's Code

3.1 ABFA'S separate Guidance provides guidance for Members of ABFA on compliance with the six commitments of the ABFA Code. Those Members which are regulated<sup>1</sup> will have also regard to practices and policies imposed to ensure their own regulatory compliance.

## 4 Explanations

- 4.1 This Code and its Guidance are in accordance with the objects for which ABFA was established appearing in its formal Articles of Association.
- 4.2 This Code and its Guidance are designed to ensure that the fair treatment of clients and guarantors is central to the corporate culture of each Member, but without thereby restricting their ability to compete with each other for clients' business.
- 4.3 The six commitments of this Code do not seek to define in precise or restrictive terms actions to be taken or omitted. They set out key principles which Members are expected to apply with good sense and where appropriate by reference to the Guidance.

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<sup>1</sup> "Regulated" means that a Member is part of, or is ultimately or intermediately owned by, an entity which is registered or authorised by Financial Conduct Authority or Prudential Regulation Authority (or successors) to carry on a regulated activity under the Financial Services and Markets Act 2000 or is a subscriber to the Lending Code of the Lending Standards Board. "Regulated" also means a Member similarly authorised by a regulator in the EEA; for Republic of Ireland Members this will be the Central Bank of Ireland (or successors).



4.4 Members shall advise all clients and guarantors of the existence of this Code, the guidance and the complaints procedure and that all of these documents can be viewed on the ABFA website at [www.abfa.org.uk/standards](http://www.abfa.org.uk/standards).

4.5 In conjunction with this Code, ABFA will:

- a) publish a Complaints Procedure, binding on all Members, relating to matters in this Code raised directly with ABFA;
- b) establish a Professional Standards Council.

4.6 This Code, its enforcement, any complaints, its review and updating are the ultimate responsibility of the ABFA's Executive Committee. It will delegate these responsibilities, as appropriate, to ABFA's Professional Standards Council and ABFA's Chief Executive. From time to time the Executive Committee may issue amendments to this Code, Guidance or the Complaints Procedure.

4.7 This Code comes into effect on 1<sup>st</sup> January 2016 and supersedes the ABFA Code for Members (2013 edition) in relation to business arrangements entered into, or actions taken, after that date.

***This Code was approved and adopted by the Professional Standards Council of the Asset Based Finance Association on 23<sup>rd</sup> October 2015 pursuant to Article 65 of its Articles of Association.***

**Lucy Armstrong**  
**Chair of the ABFA Professional Standards Council**