

# **EUROPEAN BUSINESS ANGEL NETWORK CODE OF CONDUCT**

## **Definition of a Business Angel Network**

A Business Angels Network (BAN) is an organization that aims to bring together new or growing small and medium sized companies (**Investees**) with private, informal **Investors** (Business Angels). The aim is to increase the efficiency of the informal segment of the venture capital market and bridge the gap between the entrepreneurs own funds and those available from formal venture capitalists. The main activity of a BAN is to match the capital seeking entrepreneur (**Investee**) with the informal **Investor**. For the purposes of this document we will refer to the network operator as the **member** (being a member of EBAN).

## **Code of conduct**

1. At all times the members will conduct business in a fair and honest way in all dealings and in particular with businesses seeking investment, investors, and other BAN.
2. Members will develop their activities in a professional way and will not be associated with inappropriate or illegal practices or parties that may damage the reputation of Business Angel Networks
3. Members will not allow Investors to enter their network if they suspect the monies available for investment to be of questionable origin.
4. A legal contract must be entered into between the member and any Investee or Investor that the member assists. The contract must specify any fees that are payable to the member.
5. When an Investee enters into a contract with a member he must provide an executive summary and business plan in a format that can be circulated to the members Investors. These details must not be circulated to other parties without the written agreement of the Investee.
6. Members will do their utmost to ensure that information they receive will be treated confidentially and will take steps to ensure that it remains so and is not divulged to other parties without the authority of the Investee or investor as appropriate.
7. All fees that are charged to the Investors and Investees must be disclosed by the member before any contract is entered into. This to include registration fees, success fees, and fees for other services provided by the member.
8. Members must advise and seek agreement from Investors and Investees before discussing opportunities with other networks. If opportunities are introduced to other networks any sharing of fees must be formally agreed by the networks and the clients of both organizations must be informed.
9. Members must advise both Investors and Investees that they are unable to give advice on the suitability of prospective Investors/Investees and that each must carry out their own due diligence.