

## Crowdsphere Limited, trading as Lendsphere Peer to Peer Lending Service Disclosure Statement -

Crowdsphere Limited, trading as Lendsphere (Lendsphere) is a provider of a peer-to-peer lending service under the License of Crowdsphere Limited, which is licensed by the Financial Markets Authority in New Zealand (the 'Service') under license FSP360186. We are required to give this Service Disclosure Statement to each retail investor who uses the Service ('Lender', 'Investor' or 'you').

As a Peer-to-peer lending platform, Lendsphere allows retail and wholesale investors to select loans that they wish to invest in. The Lendsphere website is [www.lendsphere.co.nz](http://www.lendsphere.co.nz)

Lendsphere has been established to allow Retail and Wholesale investors to invest, along with others, in loans that you, as the investor will be offered by Lendsphere.

Crowdsphere is an Equity Crowd Funding platform, that allows investors to invest in shares in companies. The Crowdsphere website is [www.crowdsphere.co.nz](http://www.crowdsphere.co.nz)

Registration for Lendsphere and Crowdsphere require separate registrations

Lendsphere receives requests from borrowers who wish to borrow funds. Lendsphere investigates those borrowers, undertakes due diligence and then prepares an offer for Investors to review and accept or reject.

### Terms used in this Disclosure Statement:

**"Borrower"** means the business, trust or similar entity that will be borrowing money under a loan secured by Property.

**"Lender" or "Investor"** means the people who are retail or wholesale investors who have agreed to lend funds to Borrowers. Under the license, you can be a Wholesale or Retail investor. The Minimum investment is advised with each loan offer.

**"The Service"** means the Service provided by Crowdsphere, trading as Lendsphere, under the Licenses of Crowdsphere and as contained in this Service Disclosure Statement.

**"Payment agent"** means the entity that is responsible for the handling of the funds from the Investors, including the payment of interest.

**"Security Agent"** means Lendsphere Nominees Limited which holds the loan agreement and security for that loan agreement, if any, on behalf of the Lenders

## 1 About this Service Disclosure Statement

1.1 This Service Disclosure Statement is prepared as at 12 August 2024.

- 1.2 It is provided by Crowdsphere Limited ('**Crowdsphere**' '**Lendsphere**' or '**we**' or '**us**'). We may also provide the service using other trading names such as Lendsphere as established from time-to-time.
- 1.3 Our contact details are:
- Address: Level 2 City Chambers  
142 Featherston Street  
Wellington  
New Zealand
- Email: info@crowdsphere.co.nz
- 1.4 Each loan originated by Lendsphere will have a Payment Agent (**Payment Agent**) that is responsible handling Lender funds as discussed in this Service Disclosure Statement.
- 1.5 The security provided by a Borrower as a surety for a loan will be held on behalf of Lender(s) by a Security Agent (**Security Agent**) as discussed in this Service Disclosure Statement.
- 1.6 Crowdsphere may act as Payment Agent and/or Security Agent or may appoint a third party to each role.
- 1.7 Other important information about the Service is included on Crowdsphere's website [www.crowdsphere.co.nz/invest/](http://www.crowdsphere.co.nz/invest/), and in our Client Agreement, our Privacy Policy and the Website Terms of Use. You should read that information, and this Service Disclosure Statement, carefully. If you are not comfortable with the basis on which the Service operates then you should not use the Service.

## **2 Description of the Service**

- 2.1 Crowdsphere, trading as Lendsphere, holds a market service licence from the Financial Markets Authority which allows Crowdsphere, to offer a peer-to-peer lending service in New Zealand ("the Service")
- 2.2 The Service principally involves providing a platform/facility to connect potential Lenders/Investors with businesses or other borrowers which are seeking funds ('**Borrowers**'). Funding is generally provided to Borrowers through the Service by multiple Lenders.
- 2.3 Security for any loans made to Borrowers will be advised as part of the offer.
- 2.4 The Service also involves associated matters such as preliminary information searches in relation to Borrowers, funds handling arrangements, security registrations, and the co-ordination of collections services.
- 2.5 The Security Agent is appointed by Lenders/Investors to act as a 'bare trustee' in entering into each loan made through the Service as lender on behalf of each Lender who has funded that Loan. This means that the Security Agent is nominated to hold the loan and security (if any) agreements, and all related rights and obligations on behalf of the relevant Lenders/Investors. The Security Agent's role is limited to an administrative function and any

fees payable to the Security Agent will be disclosed with each Loan. Crowdsphere provides all other services comprised in the Service.

- 2.6 The Payment Agent is appointed by Lenders/Investors to act as a 'bare trustee' in holding funds as lender on behalf of each Lender who has funded that Loan. This means that the Payment Agent is nominated to hold the client funds account on behalf of the relevant Lenders. The Agent's role is limited to an administrative function and any fees payable to the Security Agent will be disclosed with each Loan. Crowdsphere provides all other services comprised in the Service.

### **3 How Lenders or Investors may use the Service**

- 3.1 You must register with Lendsphere and accept the Lender Agreement before you are able to use the Service as a Lender.
- 3.2 If you wish to register with Lendsphere to use the Service, you must apply using the online registration process or such other process as we determine. This process requires you to provide Lendsphere with information about yourself (including information to confirm your identity) and confirm your understanding and acceptance of the documentation that relates to the Service.
- 3.3 You are only allowed to use the Service as a Lender if you meet Lendsphere's Lender eligibility criteria. This means that you must:
- a if you are an individual, be at least 18 years old and a citizen or permanent resident of New Zealand or, if you are not an individual, have your place of business in New Zealand – if you live or have your place of business outside New Zealand, Lendsphere may allow you to use the Service if you are able to satisfy to Lendsphere that your membership of the Service, and any investment that you make through the Service, complies with any local laws and will not impose on us, or any Borrower, any compliance steps in your country of residence or have any other adverse implications for us or any Borrower;
  - b satisfy Lendsphere's 'customer due diligence' requirements for the purposes of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009; and
  - c provide all other information and documents required by Lendsphere as part of the registration process.
- 3.4 Lendsphere may change the registration process and Lender eligibility criteria from time to time (without prior notice to Lenders or Borrowers). If the change to the Lender eligibility criteria negatively affects your membership of the Service, we will advise you of your options. Notwithstanding such a change, no change to the Lender eligibility criteria will affect existing Loans that you have made.
- 3.5 Once you have completed the registration process, Lendsphere will consider your application for registration. Lendsphere is not obliged to accept any application, but if Lendsphere confirms to you that your application has been accepted, you will be registered as a Lender/Investor by Lendsphere and will be eligible to use the Service using a username and

password selected by you. Only then will you be able to make an offer to fund a loan which appears on Lendsphere's website.

- 3.6 There is no limit on the amount that you may lend per loan, or in aggregate across all loans you have funded, using the Service.
- 3.7 You must give Lendsphere any additional information or documents that Lendsphere asks you to provide at any time. As an example, to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 Lendsphere may need to ask you to provide information about the sources of funds you will use to invest.
- 3.8 Lendsphere reserves the right at any time to terminate your registration as a Lender/Investor, by notice to you. Any such termination will not affect your rights and obligations in respect of any lending you have completed using the Service at the time such termination takes effect (and these terms and the Client Agreement will continue to apply to your interest in that loan).

#### **4 How Borrowers may use the Service and the checks that Lendsphere makes on them**

- 4.1 If a Borrower wishes to borrow funds through the Service, the Borrower must submit an application to Lendsphere. This process requires the Borrower to provide Lendsphere with information and confirm the Borrower's understanding and acceptance of the documentation that relates to the Service. A separate or updated application will be required from a Borrower for any subsequent loans to be offered through the Service.
- 4.2 Borrowers must be seeking funds for business purposes and must meet Lendsphere's Borrower eligibility criteria which is set out in section 5 below and available on Lendsphere's website, [www.lendsphere.co.nz](http://www.lendsphere.co.nz).
- 4.3 In accordance with our Fair Dealing Policy, Lendsphere must also be satisfied that Borrowers are genuine and suitable to offer a lending opportunity through the Service, that the information provided is not false, misleading or unsubstantiated, and that the amounts they wish to borrow do not exceed the limits imposed under the Financial Markets Conduct Act 2013.
- 4.4 Borrowers must give Lendsphere all further information Lendsphere requests in order to decide whether or not to accept their application to use the Service.
- 4.5 As part of this process, Lendsphere undertakes limited preliminary information searches in relation to the Borrower and its directors and senior managers (senior managers are managers of the Borrower whom Lendsphere deems to be material to the Borrower's business). The nature of these preliminary information searches is set out in Lendsphere's Borrower background report, which is published on Lendsphere's website with information relating to the relevant loan being offered.
- 4.6 Lendsphere may change the Borrower application process, Borrower eligibility criteria, Fair Dealing Policy, and preliminary information searches from time to time (without prior notice to Lenders or Borrowers).

4.7 Lendsphere is not obliged to accept any application from a Borrower. However, if Lendsphere does accept a Borrower's application, the Borrower is notified and Lendsphere will proceed to post details of the relevant lending opportunity on its website or send these to you by other means such as email.

## **5 Borrower Eligibility Criteria**

- 5.1 As a provider of a peer-to-peer business lending service licensed by the Financial Markets Authority in New Zealand (the 'Service'), we are required to publish Borrower Eligibility Criteria for potential borrowers who are seeking to borrow funds through the Service ('Borrowers'). These Borrower Eligibility Criteria are prepared by Crowdsphere Limited ('Crowdsphere').
- 5.2 In order to use the Service, a Borrower must be accepted by Lendsphere via our preapproval process. This will involve a series of meetings to assess the creditability of the borrower and their proposed offer. Also, as part of this process, a Borrower must:
- a be a business
  - b operate in the form of an incorporated company, partnership, limited partnership, trading trust
  - c be seeking to borrow funds through the Service for the purposes of its business
  - d not raise any more than \$2 million in aggregate in any 12-month period through the Service
  - e satisfy Lendsphere that the Borrower is genuine and suitable to offer a lending opportunity through the Service, and that the information provided is not false, misleading or unsubstantiated
  - f agree to give Lendsphere all further information Lendsphere requests in order to decide whether or not to accept a submission, including a trading history showing at least 2 years of profitable trading, financial accounts, a future business plan and financial model, and all other information we specify at the time
  - g agree to Lendsphere undertaking information searches in relation to the Borrower and its directors and senior managers (senior managers are managers of the Borrower whom Lendsphere deems to be material to the Borrower's business), including credit history reports and other searches of publicly available information
  - h agree to its information being posted on Lendsphere's website and shared in accordance with our Website Terms of Use and Privacy Policy.

## **6 Risks of using the Service**

- 6.1 When a lending opportunity is posted on Lendsphere's website or sent to you by other means, Lendsphere makes no representation as to, and are not liable for:
- a the accuracy or completeness of any information contained in the business and financial details or other materials provided by the Borrower or any third party;
  - b the ability of the Borrower to repay the loan or comply with its other obligations;
  - c the value of any security offered; or
  - d any other risks involved in lending to the Borrower.
- 6.2 When carrying out preliminary information searches and considering whether a Borrower meets the Borrower eligibility criteria, Lendsphere does so with the care, diligence, and skill of a prudent peer-to-peer business lending service provider in the same circumstances. However, Lendsphere relies on information provided by the Borrower and conducts only basic information searches. You should not rely on this process (or the posting of a lending opportunity on Lendsphere's website) as assuring the repayment of any loan.
- 6.3 Loans made through the Service are inherently risky. You are entirely responsible for independently assessing the information provided about each lending opportunity and for any decision you make to offer to lend, or not to lend, to any Borrower.
- 6.4 Information about the rate of default by Borrowers using the Service is available on Lendsphere's website (as and when relevant data is available).
- 6.5 While Lendsphere may disclose a background report, including of a credit score or rating (if determined) for the Borrower, no financial advice or recommendation is provided by Lendsphere or any other party (either expressly or by implication) in relation to any lending opportunity presented through the Service.

## **7 The lending and borrowing process**

- 7.1 Lendsphere's website provides details of all lending opportunities which are currently open for offers by registered Lenders/Investors. We may also send you offers by other electronic means such as email.
- 7.2 A dedicated offer is provided for each lending opportunity, which includes a Borrower background report prepared by Lendsphere summarising the details as provided by the relevant Borrower in the Borrower application process, and the results of Lendsphere's preliminary information searches on the Borrower. Copies of the Borrower's business and financial details as provided in the Borrower submission process, and the proposed loan agreement and any security agreement, are also available. A question-and-answer facility may also be provided, to allow Lenders to ask questions of the Borrower during the offer period.

- 7.3 If, following your own independent assessment of the information posted, you wish to make an offer to fund a loan (wholly or partially), you may do so at any time during the offer period through the Lendsphere website.
- 7.4 If, during the offer period for a loan, offered funds are received from Lenders/Investors totalling the maximum amount of funding sought, the loan is deemed to have been fully funded. This means that:
- a no further offers from Lenders are accepted;
  - b Lendsphere will inform Lenders by email that the offer is closed and the Loan will become an irrevocable firm Loan;
  - c If the Lender has not remitted their loan funds or does not hold sufficient funds in the Lender funds account held by the Payment Agent, Lendsphere will arrange for the Lenders Loan amount to be direct credited to the Lender funds account by the Lender or direct debited from the Lenders bank account by the Payment Agent;
  - d The loan agreement and (if applicable) security agreement is sent to the Borrower on the terms disclosed with the lending opportunity – this documentation (when signed by the Borrower) forms a legally binding contract between the Borrower and the Security Agent (as bare trustee for and on behalf of the relevant Lenders in proportion to their investments in the relevant loan);
  - e Lendsphere or its appointed legal agent undertakes necessary security registrations against the Borrower; and
  - f if the Borrower signs and returns the documentation within 2 working days, the loan will be advanced to the Borrower from funds received from Lenders, less all fees or other amounts owing to Lendsphere by the Borrower.
- 7.5 If, during the offer period, the relevant loan is not fully funded (and Lendsphere does not agree to extend the offer period) or if the Borrower subsequently fails to sign and return the necessary documentation within 5 working days, then all offers made by Lenders in respect of that loan will be deemed to have lapsed without being accepted. In such a case any funds received will be returned, or the Lender may select another offer or if Funds have not been received they will not be debited to the Lenders bank account by the Payment Agent or Lendsphere.
- 7.6 Where a loan has been settled, all subsequent Borrower payments and recoveries will be paid to the Lender funds account and are held by the Payment Agent on trust for the relevant Lenders. Each Lender under a loan is entitled to a share of all Borrower payments and recoveries of principal and interest (including default interest) received in the Lender funds account (net of taxes, fees and other amounts owing to us as disclosed in the information about the loan) in proportion to the amount of principal and interest then due to the Lender in respect of the relevant loan (relative to total amounts then due to all Lenders in respect of the relevant loan).

7.7 From time to time, we may have arrangements with wholesale investors to provide funding to Borrowers. Those wholesale investors are also Lenders. As part of any wholesale funding arrangements, some different lending processes may apply to wholesale investors. However, our processes ensure that all potential Lenders have access to the same lending opportunity information.

## **8 The Lender funds account**

8.1 The Lender funds account is an account (which will be managed by the Payment Agent) with a registered bank in New Zealand legally owned by the Payment Agent on trust for the relevant Lenders as to their respective interests. Funds in the Lender funds account are held separately from any other bank account of the Payment Agent.

8.2 Borrowers will be required to make all loan repayments of interest and principal to the Lender funds account. All amounts recovered from Borrowers by or on behalf of Lendsphere or the Payment Agent will be paid into the Lender funds account.

8.3 Amounts held in the client funds account on your behalf are pooled together with amounts held for other Lenders. Each Lender has an interest in the client funds account proportionate to the amount of principal and interest then due to that Lender (relative to total amounts then due to all Lenders). As part of the Service, Lendsphere or its Payment Agent keeps track of each Lender's balance of funds in the Lender funds account, current offers and current transactions.

8.4 Funds in the Lender funds account can only be used for the purposes of:

- a lending to a Borrower as authorised by the relevant Lenders if a loan for which those Lenders have offered funds is settled;
- b paying fees and other amounts owing to Lendsphere, the Security Agent or the Payment Agent;
- c deducting withholding tax as required by law;
- d paying proportionate amounts of payments and collections received from a Borrower to the relevant Lenders.

8.5 Payments made to the Borrower or Lender from the Lender funds account are made to the same New Zealand registered bank account (in your name) from which funds are originally received into the Lender funds account.

8.6 Any interest accrued on the client funds account will be proportionally paid by the Payment Agent to the Lender less any applicable fees and/or withholding tax.

## **9 Disclosure arrangements**

9.1 Crowdsphere's (and Lendsphere's) disclosure arrangements in relation to the loans offered through the Service include:



- a this Service Disclosure Statement;
- b our Lender Agreement;
- c a dedicated offer for each lending opportunity, as described above; and
- d an electronic record of all transactions made by you under the Service which will be made available to you either by Lendsphere through its website or through the Payment Agents website portal. Details of how you access this will be provided at the time you settle a loan.

9.2 Our Conflict of Interest Policy identifies and deals with any perceived or real conflicts of interest in a fair, open and transparent way and requires that we provide disclosure to you:

- a if Lendsphere itself, and anyone associated with Lendsphere or Crowdsphere, has a direct or indirect interest in any loan or Borrower. This includes disclosing the nature and extent of the interest (or intended loan) and any fee the Borrower has paid Lendsphere, or anyone associated with Lendsphere, above the standard disclosed amount;
- b of all fees charged to the Borrower and the Lenders in connection with each lending opportunity, whether direct or indirect and however described.

## **10 Fees and charges payable by Lenders**

10.1 We do not charge any upfront membership fees or ongoing service fees directly to Lenders for using the Service (except as described in clause 10.3).

10.2 We or our Payment Agent will deduct withholding tax at statutory rates if you are New Zealand tax resident or as otherwise required by law.

10.3 All costs, expenses and liabilities incurred by us (including third party costs and legal expenses) in relation to collections services are deducted from relevant payments and collections received from Borrowers and paid to us (before any payments are made to Lenders). Whenever possible we will try to recover such costs from the Borrower.

10.4 We can introduce new fees and charges in the future or change the existing fees and charges. We will provide notice of any new fees and charges, or any changes to existing fees and charges, before we begin to charge them. Such new fees or charges will not apply retrospectively to any existing loans.

10.5 We also accept introductions to Lenders, both Wholesale and Retail, from Independent Advisers and Brokers and we may pay them a commission for any lending completed by any Lenders introduced by an Adviser or Broker. Any such commissions will be advised to you at the time of you becoming a Lendsphere Lender

## **11 Fees and charges payable by Borrowers**

11.1 The fees and charges payable by Borrowers are set out in the Borrower fee schedule and Borrower Terms and disclosed in the offer information.

- 11.2 These fees are deducted from funds received in settled loans (before any payments are made to Borrowers), or from payments or collections received from Borrowers (before any payments are made to Lenders) and are paid to us. Such fees will be disclosed in the information about the loan.
- 11.3 We can introduce new fees and charges in the future or change the existing fees and charges. We will provide notice of any new fees and charges, and of any changes to existing fees and charges, before the changes are implemented. Such new fees or charges will not apply retrospectively to any existing loans.

## **12 Restrictions and interests regarding us and our associates**

- 12.1 There are no restrictions or prohibitions on Lendsphere acting as a Lender and funding loans that are offered through the Service or acting as a Borrower and borrowing money through the Service. There are also no such restrictions on persons or entities that are associated with us. However, disclosure obligations will apply. These are covered within our Conflict of Interest and Code of Conduct Policies.
- 12.2 There is no interest held by or in us that may materially adversely impact on our ability to have fair, orderly and transparent systems and procedures for providing the Service.
- 12.3 If Crowdsphere or Lendsphere or any of its managers, directors or related parties have an interest in a Borrower or have undertaken any fee-based work for a Borrower, this interest will be disclosed in the Investee Pitch.
- 12.4 Armillary Limited, which is contracted to provide day-to-day management of Lendsphere, has similar shareholders as Quadriga Acquisitions Limited which is a significant shareholder in Lendsphere. There are no interests in Lendsphere that may materially adversely impact on its ability to have fair, orderly, and transparent systems and procedures for providing the service. Lendsphere has a compliance officer whose role is to monitor Crowdsphere's and Lendsphere's compliance with its Licence and internal policies and procedures to ensure that Crowdsphere and Lendsphere provides its Service in a fair and orderly manner and complies with the terms of its Licence.
- 12.5 If a Borrower is a client of Armillary or any other related party, the offer will disclose that Armillary or the related party has provided and/or continues to provide certain services to it. Additionally, the Borrower's offer will disclose that Armillary or any other related party has received fees from the Borrower for the services provided and may receive some of the fees to be paid by the Borrower to Lendsphere upon successful completion of this funding. Armillary is the manager of Crowdsphere (and Lendsphere) and related parties hold a shareholding in Crowdsphere.

## **13 Monitoring and collections**

- 13.1 As part of the Service, Lendsphere and the Security Agent monitor whether Borrowers are making payments in accordance with their loan agreements. Lendsphere and the Security Agent do not carry out any other ongoing monitoring of Borrowers unless such monitoring is described in the offer information.

- 13.2 Where a Borrower defaults on making any payment that has fallen due, Lendsphere immediately notifies the Borrower and the relevant Lenders and determine whether to take enforcement action or not. If a decision is made to take enforcement action, Lendsphere (or a third-party collections service provider appointed by Lendsphere) will initiate a standard enforcement process (and you authorise the Security Agent to take any actions necessary in connection with that process). Costs (including third party costs) incurred in carrying out such enforcement actions will be deducted as described in clause 10.3. If a decision is made not to take enforcement action, the process described in this paragraph will be repeated on each occasion that the Borrower makes a further payment default.
- 13.3 We are not liable to Lenders for any costs, losses or liability arising directly or indirectly out of any Lender decision-making or enforcement process, except to the extent caused by our fraud, negligence, or wilful misconduct.
- 13.4 You may not take any enforcement action yourself against any Borrower and may not instruct the Agent to take any actions against the Borrower on your behalf.

## **14 Business Termination**

- 14.1 Crowdsphere (including Lendsphere) has a Business Termination Plan should events transpire that it can no longer operate.
- 14.2 In summary the Business Termination Plan comprises:
- a All current and recently closed Offers will be completed and no further Offers will be activated;
  - b The Security Agent will continue to hold legal title to the loan and security assets on behalf of Lenders;
  - c The roles of Crowdsphere (and Lendsphere) and the Security Agent will be offered to third parties to continue to manage on behalf of Lenders; and
  - d If no third party were willing to assume such duties in accordance with paragraph 14.2.c Lenders would be provided the opportunity to set up their own committee or the like to manage the Loan until repaid.
- 14.3 A copy of Crowdsphere's business Termination Plan is available upon request.

## **15 Complaints and dispute resolution**

- 15.1 You may make any complaint about the Service in writing to us using the contact details above. Any complaint will be managed under our Complaints Handling Procedure that ensures that it is dealt with fairly and in a timely manner.
- 15.2 Alternatively, you may make a complaint directly to Financial Services Complaints Limited (<http://www.fscl.org.nz>), an independent approved dispute resolution scheme. Contact details for this scheme are: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz); Freephone 0800 347 257 Financial Services Complaints Limited, PO Box 5967, Wellington 6011, New Zealand. If making contact with this scheme, you will need to reference us and provide details of the complaint in writing.

## **16 Provision of further information and documentation on request**

- 16.1 In addition to the information disclosed to you as described above and on the Lendsphere and Crowdsphere websites, Lenders/Investors (and associated persons) can request access to personal information held about them by us, in accordance with our Privacy Policy.
- 16.2 You are also entitled to request access to copies (or copies of extracts) of any other documents held by us that are relevant to you. Subject to all applicable confidentiality, privacy and other legal restrictions, requested relevant documents will be provided within 5 working days of us receiving a request.
- 16.3 Information can be requested by emailing: [info@crowdsphere.co.nz](mailto:info@crowdsphere.co.nz).
- 16.4 Our internal operating model along with its policies and procedures are confidential and form part of Crowdsphere's intellectual property and differentiation from competitors. These will only be made available to regulators and approved audit bodies by request.
- 16.5 There is no charge for the provision of requested information.

## **17 Changes to this Service Disclosure Statement**

- 17.1 We may amend, supplement, vary, or replace the terms of this Service Disclosure Statement at any time. We do not need your consent to make such a change unless such change materially affects the terms of any existing Loans. Lendsphere will give you notice of any changes to this Service Disclosure Statement. The current form of this Service Disclosure Statement will also be available on Crowdsphere's website.

## **Lender confirmation agreement to proceed**

You are required to positively confirm your understanding of, and agreement to, this Service Disclosure Statement in order to proceed to join the Service: