

**ORCHARD PLATFORM ADVISORS, LLC**

**FIRM BROCHURE**

**(Part 2A of Form ADV)**

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This brochure provides information about the qualifications and business practices of Orchard Platform Advisors, LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact us at (646) 525-4281 or [angela@orchardplatform.com](mailto:angela@orchardplatform.com)

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the Firm is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

ITEM 2. Material Changes

Material changes from the prior Brochure include:

- 1) Updates and clarification throughout this Brochure of the activities, services and products of the Firm which, under certain circumstances, may be deemed to be advisory in nature;
- 2) Updates and clarification to the phrase “Assets Under Management” as it may apply to the Firm (Item 4C (Assets Under Management)); and
- 3) Adjustments to Item 5A (Fees and Compensation).

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## ITEM 4        ADVISORY BUSINESS

### A. General Description of Advisory Firm

Orchard Platform Advisors, LLC, a Delaware limited liability company (“Orchard” or the “Firm”), was formed in January 2014. The officers of the Firm are as follows:

- Matthew D. Burton is the Chief Executive Officer
- David N. Snitkof is the Chief Investment Officer
- Angela G. Ceresnie is the Chief Compliance Officer

The sole member of the Firm is Orchard App, Inc., a Delaware corporation.

### B. Description of Advisory Services

The Firm concentrates on offering non-discretionary order management, administrative, analytical and certain other informational products and services to parties interested in purchasing loans in the marketplace lending (“MPL”) space. The Firm’s activities are limited to these types of investments.

As noted above, the Firm may from time-to-time provide non-advisory products and services to its clients which are not applicable (and pose no conflicts of interest) for purposes of this Brochure, including certain administrative, analytical and informational products and services. As such, the information contained in this Brochure only describes the activities of the Firm which, under certain circumstances, may be deemed to be advisory in nature.

The Firm’s services include assisting clients with allocating and deploying cash across the available inventory of consumer and small business loans listed by on-line loan originators (such as LendingClub Corporation and Prosper Marketplace, Inc.), and by other, off-line loan originators.

Depending on client arrangements, the Firm’s services may include access to and use of certain software tools and other computer utilities which partially automate the selection of loans which meet various parameters exclusively established and periodically adjusted by the applicable client. Such services also include the ability (via technological interfaces) to simplify/streamline a client’s manual purchase of MPL products directly from the various loan originators with whom the Firm has integrated.

The Firm recognizes that its clients may have unique needs or goals with respect to the purchase of MPL products (based in part on desired purchase volumes, loan characteristics, and/or other client-determined parameters), and the Firm works with its clients to tailor its services to implement each client’s respective strategy, as set forth in the master services agreements and related statements of work the Firm enters into with

its clients. The Firm also makes available to its clients upon request fully customizable reports that can reflect the purchase orders communicated by the Firm to the applicable originators, the purchase orders which such originators elected to accept and such other factors that a Firm client may reasonably request.

### C. Assets Under Management

Since the Firm does not (i) have any discretionary authority over our clients' assets and (ii) provide continuous and regular supervisory or management services to our clients' MPL portfolios, the Firm defines "Assets Under Management" as the aggregate outstanding principal amount of loans purchased by the Firm's clients through the use of the Firm's order management system.

As at March 25, 2015, the Firm has \$301.8 million of non-discretionary Assets Under Management (as described above) and does not currently have any discretionary Assets Under Management.

## ITEM 5 FEES AND COMPENSATION

### A. Management Fees

Depending on the individual client, various fee options may be available.

Unless otherwise agreed, all accounts are charged a monthly fee based on the average outstanding principal amount of loans purchased by a client through the use of the Firm's order management system, calculated in each case by considering the outstanding principal amounts as of the first and last days of the applicable month (or for accounts terminating an arrangement with the Firm, the date of termination), payable in cash by the client in arrears. The standard fee for a basic level of services is indexed to the size of the account and ranges from 20-50 basis points annually; provided, however, that the fee may be discounted at the Firm's discretion.

Additionally, the Firm may charge clients an initial setup fee, based upon the resources needed to initially on-board the applicable client.

All applicable fees will be specified and calculated in accordance with a client's applicable master services agreement and related statements of work.

Unless otherwise specified, fees will be invoiced to clients in arrears and not deducted directly from any client bank or other account. Late payments may result in penalties and additional charges. If a master services agreement or any related statement of work is terminated before the end of a month or started after the commencement of a month, fees will be prorated accordingly.

### B. Other Fees and Expenses

The Firm does not and does not expect to charge fees other than flat fees, a-la-carte fees, or fees based on outstanding principal amount of loans purchased by a client

through the use of the Firm's order management system. Any funds for which the Firm provides services are responsible for paying their own operational and administrative expenses (as are specified in the operative fund documents).

#### ITEM 6            PERFORMANCE – BASED FEES AND SIDE BY SIDE MANAGEMENT

As of this time, the Firm does not charge performance-based fees.

#### ITEM 7            TYPES OF CLIENTS

The Firm currently provides order management services primarily to institutional investors (including business development companies, hedge funds, other pooled investment vehicles and family offices) and high net worth individuals. The Firm's clients are and, will continue to be, "accredited investors" within the meanings set forth under the federal securities laws, with account minimums generally starting at \$150,000 (subject to waiver by the Firm in its discretion). As noted in item 4.B above, the Firm provides a variety of non-advisory products and services to its clients which are not applicable (and pose no conflicts of interest) for purposes of this Brochure, including administrative and certain other informational products and services.

#### ITEM 8            METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

##### A. Investment Analysis and Strategy

The Firm has developed algorithms and computerized protocols (or has obtained licenses for such from affiliated entities) that are designed to simplify/streamline a client's making of investments across various MPL platforms. These algorithms and protocols are designed to increase efficiency and reduce friction in our client's loan purchasing process.

The Firm believes that the potential multiplicity of available investments on the market at any given time has favored the development of an optimization algorithm that prioritizes and communicates loan purchase orders on behalf of the Firm's clients in a way that is transparent, equitable, and in line with each client's self-determined investment objectives. Tools offered to clients provide them with the ability to manually place investment orders, or to automatically do so through online lending exchanges based on pre-defined statistical models, investment criteria, and/or target allocations determined by the applicable client. The algorithms and protocols have been designed based on the past experience of Firm personnel, an analysis of historical MPL loans, an understanding of loan availability on various MPL platforms and, ultimately, input, direction and final approval of the applicable client in its sole discretion.

Clients will generally be offered both "standardized" investment strategy options, as well as the ability to utilize various "toggles" which allow clients to further customize their chosen investment strategy options. Additionally, clients have the ability to implement their own, proprietary, "black-box" investment strategy. In such cases, the

Firm works with the applicable client to integrate such client's model into the Firm's technology platform.

In a typical relationship between the Firm and a client, the client specifies its goals and target allocations – with target allocations being to an extent aspirational, the fulfillment of which is dependent on market availability. As typically seen by a client, new loan listings appear on the Firm's platform as they are listed as available by the applicable loan originators – the Firm constantly queries such originators in order to retrieve and update its cache of listing data. At the same time, the Firm continuously maintains a record of the client's portfolio distribution as well as its target portfolio distribution. If investment opportunities exist that qualify under an investing client's stated investment strategy, these are ranked and, if agreed, an order is communicated to the applicable loan originator on behalf of the client in a manner designed to minimize the difference between the client's actual portfolio and its target allocation. The Firm's systems are engineered so as to cease ordering for a client when a limit is reached, there are no more eligible investments, or there are insufficient funds remaining in the client's account. Automated purchase orders are communicated to one or more loan originators in parallel both among clients and within clients, so as to avoid sequencing that might advantage or disadvantage any individual client.

## B. Certain Risks

The following are risks associated with the Firm's significant investment strategies:

*Risk of Loss:* Investments in MPL loan products involve a significant risk of loss that investors in such products should be prepared to bear. An investor should not invest in such products unless the investor is able to withstand the loss of up-to-all (in particular in the case of a small investment based on a single loan) or a significant portion of the investment. There is no assurance that any investment strategy will achieve its investment objective.

*Unsecured Securities/Loan products:* Certain MPL loan products depend entirely on payments of unsecured consumer, small business and other finance obligations of individual borrowers and/or corporations. The underlying borrowers are not obligated in any way to the Firm or the Firm's clients. The Firm's clients do not know the names or addresses or other personal information of any of the underlying consumer borrowers and will not be able to service loans independent of the applicable loan originator and any servicing or collection firm employed by the loan originator to service the loan. The products may not be secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way.

*Limited Access to Information:* While the Firm makes use of stated parameters to aid in the evaluation of certain MPL products, the Firm does not have access to detailed financial, name or address information. For example, the Firm typically has no access to the current tax filings or bank and savings account balances of underlying borrowers. In

addition, the Firm has no way to verify whether the information supplied by the borrowers by the relevant platform is true, accurate or complete.

*Exposure to Macroeconomics Events:* Defaults on the loans may increase as a result of economic conditions beyond the underlying borrowers' control, including prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, the value of the U.S. dollar, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets and other factors.

*Prepayment Risk:* There is generally no prepayment penalty for borrowers who prepay their loans. If borrowers choose to prepay their loans, investors in MPL loans will not receive the interest payments with respect to those loans.

*Bankruptcy Risk:* Borrowers may seek the protection of debtor relief under federal bankruptcy or state insolvency laws, which may result in the nonpayment of the loans. In addition, there is a risk that the bankruptcy of a loan originator or another applicable entity related to or sponsored by such loan originator could negatively impact the performance of the underlying loans.

*Suitability Requirements:* Because the investment strategies of the Firm involve significant risk factors, the Firm's services are suitable only for experienced and sophisticated investors who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment.

*Liquidity Risk:* MPL investments often represent illiquid investments. Although generally salable, there are currently very limited actively traded marketplaces for such investments and one is unlikely to develop in the near future.

*Risk of Changes and Interpretation in Tax Laws:* The tax laws surrounding MPL investments are unsettled and interpretations of the tax laws could significantly affect the amount, timing and character of income, gain or loss in respect of an investment MPL loans. Please note: the Firm is not a tax adviser or tax planner. Clients are not to construe the contents of this brochure or the services offered by the Firm as legal or tax advice. Further, the Firm is not and does not hold itself as an expert in Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and does not provide advice on ERISA regulatory and compliance matters. Before investing, a potential client should consult with the such client's own attorney, and personal business and tax advisers to determine the consequences of an investment and arrive at its own evaluation of the potential tax, and if applicable, benefit plan consequences.

*Reliance on Loan Originators and Their Affiliated Entities for Loan Origination and Servicing:* The Firm's investment strategies are dependent upon the ability of the loan originators and/or their affiliated entities (and/or the parties they may contract with) to provide services to the underlying investments/collect on the underlying loans. Key factors, such as the availability of borrowers, are outside of the Firm's and loan originator's control. The Firm and its clients depend on loan originators, many of which



are less than ten years old, for loan servicing and other borrower collection services, including bankruptcy legal processes. While not a risk specific to the Firm but as general entity or industry risk, it is possible that a loan originator could fail, which could result in substantial losses to Firm clients.

*Net Asset Valuation:* MPL loan investments represent hard-to-value assets. Valuations reflected in any report may not accurately reflect the value of the underlying loans if a client were to try to sell their MPL loan investment.

*Proprietary Methods.* Because specific elements of the Firm's strategies and their implementation are proprietary, clients may not be able to determine the full details of the Firm's methods or evaluate how closely they are being followed.

#### ITEM 9 DISCIPLINARY INFORMATION

None.

#### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

##### A. Broker Dealer Registration Status

None.

##### B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

None.

##### C. Material Relationships or Arrangements with Related Persons

None

#### ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

##### Code of Ethics

The Firm has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest, as required by Rule 204A-1 under the Advisers Act. The Firm's Code of Ethics contains policies and procedures that address, among other things, pre-clearance of certain personal securities and MPL loan transactions; periodic reporting of employees' personal securities and MPL loan transactions and holdings; and prompt internal reporting of any violations of the Code of Ethics.

The Firm will provide a copy of our Code of Ethics to clients or prospective clients upon request.

## Personal Investments

The principals and employees of the Firm have made personal investments in MPL products. All investments in such products by principals and employees of the Firm are subject to the restrictions contained in the Firm's Compliance Manual and Code of Ethics, as described above, and subject, generally, to Firm review.

### ITEM 12 BROKERAGE PRACTICES

No Firm clients have authorized the Firm to recommend broker-dealers for client transactions, and the Firm does not expect to seek any such authority. Since the products purchased by its clients do not require a licensed broker-dealer, the Firm does not anticipate seeking authority to register, or recommend, any broker-dealer to effect transactions of the type and manner currently engaged in for its clients.

### ITEM 13 REVIEW OF ACCOUNTS

#### A. Review Client Accounts

The management team of the Firm meets on a periodic basis (generally monthly or more frequently, as needed) to discuss new loan originators with whom the Firm may be interested in integrating with, based in part on stated investment interests of the Firm's client base. To the extent that a client requests such services, the Firm will provide administrative and certain other informational products and services which allow a client to continuously monitor and review its MPL portfolio. Clients also have access to the firm by phone, e-mail, live-chat or by scheduled meetings should they request additional assistance.

The management team of the Firm also meets whenever they determine it appropriate - for example when new classes of products are made available on a key MPL platform, when there is a material change concerning an MPL platform that impacts clients, when there is a material MPL market change, or when legal or regulatory changes are believed to impact existing classes of products. At such times, the management team reviews and evaluates new developments and opportunities. Based on their review, adjustments may be made to the services provided to Firm clients.

To the extent requested by a client, fully customized reports which may be used by such client to analyze its MPL portfolio will be sent to the applicable client on a daily, weekly, monthly or quarterly basis. Such reports are typically delivered to clients electronically via either email or the by granting such clients with access to a secure Internet portal maintained by the Firm.

### ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not receive economic benefits from non-clients for providing services to clients.

## ITEM 15 CUSTODY

Under Advisers Act rules, the Firm is not deemed to have custody of client assets. Client assets not invested in loans at a given time will be invested in accordance with the applicable agreement between the client and the applicable loan originator (which, in most cases, will result in the investment in cash products at the custodian for the applicable loan originator).

The companies associated with the various loan originators with whom the Firm has integrated have selected entities to serve as qualified custodians. Clients of the Firm receive account statements directly from such custodians and are urged to carefully review these statements. The Firm also strongly urges clients to compare the account statements it receives from the Firm with those account statements it receives from the applicable custodian(s).

## ITEM 16 INVESTMENT DISCRETION

For most client accounts, the Firm implements (or aids in the implementation of) client decisions concerning such client's investment in MPL products - including through the use of its automated tools which simplify/streamline a client's investment across various MPL platforms.

While the capability exists for clients of the Firm to manually select loans they wish to purchase, clients of the Firm generally use Firm-provided automated tools (which have various options that may be modified by the individual clients, either directly or by instruction given to the Firm, so as to favor various investment parameters) to select individual investments. By way of example, for a client wishing to invest \$500,000 in whole loans within given parameters, the automated system will identify all loans that meet the stated parameters and communicate purchase orders for such loans to the applicable loan originator(s) on behalf of the client, so that the client can complete the purchase process in a matter of minutes and need not go through the default platform-based purchase mechanics dozens of times to find, select and consummate an investment of a significant size.

The Firm will, through a limited power of attorney granted by a client, communicate orders on behalf of such client for the purchase of specific loans made available by client-approved loan originators that meet the specific investment criteria and strategy established by such client. In communicating orders on a client's behalf across available loan inventory, the Firm is bound to follow the specific mandates of each client with regard to loan characteristics and diversification when identifying loans for potential investment.

## ITEM 17 VOTING CLIENT SECURITIES

The Firm's services primarily relate to non-voting products, namely whole loans. In any case, the Firm does not expect to have or accept the authority to vote client securities.

ITEM 18 FINANCIAL INFORMATION

We are not aware of any financial condition we expect, or believe is likely to, impair our ability to meet our contractual commitments to our clients.

ITEM 19 STATE REQUIREMENTS

Not applicable to the Firm.