



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Regulation (EU) 2020/1503 on European crowdfunding service providers for business

Questions and Answers

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Crowdfunding Regulations

Questions and Answers

These Questions and Answers are aimed at industry seeking information and guidance in relation to the implementation of Regulation (EU) 2020/1503 on European crowdfunding service providers for business.

This will be posted on the Central Bank of Ireland website and will be updated as required. Check the Central Bank website from time to time in relation to any matter of importance to you to see if the position on a query may have altered. The Central Bank reserves the right to alter its approach to any matter covered in this Question & Answers at any time.

In this document:

'The Regulation' refers to Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.

This Questions and Answers document has no legal status. Interested parties should consult their legal advisers concerning any matter of legal interpretation of the Crowdfunding Regulations and/or the Regulation. In addition, the European Securities and Markets Authority (ESMA) publishes Q&As from time to time on the Regulation which are available on the ESMA website at www.esma.europa.eu.

Who is the National Competent Authority in Ireland in respect of the Regulation?

The Central Bank of Ireland is appointed the competent authority in Ireland for the authorisation and supervision of crowdfunding service providers under Regulation 3 of the European Union (Crowdfunding) Regulations 2021 (S.I. No. 702 of 2021).

What are 'admitted instruments for Crowdfunding Purposes', and are they permissible under Irish law?

Article 2(1)(n) of the Regulation defines 'Admitted instruments for crowdfunding purposes' as meaning "in respect of each Member State, shares of a private limited liability company that are not subject to restrictions that would effectively prevent them from being transferred, including restrictions to the way in which those shares are offered or advertised to the public".

Whether a share in a legal person established under Irish company law could qualify as an 'admitted instrument for crowdfunding purposes' is a question to be determined on a case by case basis, and is a matter on which the proposed project owner should take its own legal advice.

In this context, a project owner refers to any natural or legal person who seeks funding through a crowdfunding platform.

Are crowdfunding service providers required to notify the Central Bank of key investment information sheets at least seven working days before making it available to prospective investors?

Article 23(14) of the Regulation states that "competent authorities of the Member State where the authorisation was granted to the crowdfunding service provider may require an *ex ante* notification of a key investment information sheet (KIIS) at least seven working days before making it available to prospective investors."

The Central Bank will not require *ex ante* notification of all KIIS at this time. However, the Central Bank reserves the right to require notifications of the KIIS at its absolute discretion.

Are crowdfunding service providers required to provide a regulatory disclosure statement and, if so, what should it include?

A crowdfunding service provider must include a regulatory disclosure statement in all advertisements and it must meet the requirements as set out in (a) or (b) below, depending on the Member State where it has been authorised:

- a) "[Full legal name of the **crowdfunding service provider**, trading as *(insert all trading names used by the crowdfunding service provider)*] is regulated by the Central Bank of Ireland"; or
- b) "[Full legal name of the **crowdfunding service provider**, trading as *(insert all trading names used by that crowdfunding service provider)*], is regulated by [*insert name of the competent authority from which it received its authorisation*] in [*insert name of the Member State where that competent authority resides*] under the Crowdfunding Regulation, and is subject to regulation by the Central Bank Ireland in respect of [*conduct of business rules*] relating to advertising.

This is a binding legal requirement imposed on Crowdfunding Service Providers pursuant to provision 9.1a of the Consumer Protection Code.

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