

Central Bank of Ireland  
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### Crowdfunding Regulation

•5 July 2021

Dear Colleague,

We refer to Consultation Paper CP 141 on Crowdfunding Marketing Requirements and wish to make a submission on behalf of some of our members on this consultation process. Our members welcome the opportunity to provide their views on the proposed marketing requirements.

The Central Bank has sought views on the proposed requirements and on four specified questions. The Central Bank has sought views on:

**Question 1: Do you support the proposal to apply national marketing requirements to Crowdfunding Service Providers (“CSPs”), as foreseen by the Crowdfunding Regulation?**

Our members support the proposal to apply national marketing requirements to Crowdfunding Service Providers.

**Question 2: Do you consider all of the proposed advertising requirements for CSPs are appropriate to the business model of CSPs. If not, please specify:**

- 1. which provision is not appropriate and why; and**
- 2. whether the entire provision should not apply, or whether it could be amended to fit with the CSP business model.**

Our members are of the view that the proposed advertising requirements for CSPs are generally appropriate to the business model of CSPs.

**Question 3:**

**Do you consider that there should be additional advertising requirements for CSPs, appropriate to their business model, in addition to those proposed here? If so, please provide details.**

Our members are concerned about the lack of information on what exactly will be required under the European Banking Authority’s (“EBA”) Regulatory Technical Standards. Our members note that the EBA is

currently undertaking a consultation process on draft Regulatory Technical Standards specifying the information that crowdfunding service providers offering individual portfolio management of loans shall provide to investors in relation to the method to assess credit risk, and on each individual portfolio. This consultation process runs until 4 September 2021. Therefore the outcome of this consultation process and therefore further information on the Regulatory Technical Standards that will apply will not be known until after the Central Bank's consultation process has completed. Our members are keen to ensure consistency and alignment between the Central Bank's marketing requirements and the EBA's Regulatory Technical Standards, both in terms of material content and timelines. This will give affected firms sufficient time to make adjustments and avoid unnecessary costs of having to react to two sets of requirements. Therefore, our members would welcome the opportunity to comment further on the Central Bank's proposed marketing requirements once the outcome of the EBA's consultation process is known.

**Question 4:**

**Do you prefer Option A or Option B as the proposed warning to be required in advertisements? Please explain your reasons for this preference.**

Our members are of the view that Option A is the preferable option. Both Option A and Option B contain the following: *"WARNING "Investment in crowdfunding projects entails risks, including the risk of partial or entire loss of the money invested."* Option B also contains *"Your investment is not covered by a deposit guarantee scheme or by an investor compensation scheme."* Our members are of the view that Option A adequately discloses the risk. This notes that one of the risks of crowdfunding is the risk of partial or entire loss of the money invested. The additional language in Option B does not add anything further insofar as the fact that an investment is not covered by a deposit guarantee scheme or by an investor compensation scheme is implicit in the risk of partial or entire loss of the money invested. Option A is therefore more succinct and easier for people to understand. Consequently, our members are of the view that Option A is the preferable option.

Should the Central Bank have any questions on the submissions above, we would welcome the opportunity to discuss matters further.

Yours sincerely,

*Michael Concannon*

On behalf of members of the Independent Finance Providers of Ireland, a Working Group of the Fintech and Payments Association of Ireland.