



TOPICS:
CROWDFUNDING

SOURCE:
 European Banking Authority

EBA Publishes Final Draft Technical Standards on Individual Portfolio Management by Crowdfunding Service Providers

Crowdfunding Service Provider

- Over the last few years, **crowdfunding has become a significant means through which start-ups and SMEs can finance their projects.** Unlike banking intermediation, the crowdfunding service provider (CSP) does not take any risk of its own; rather, **the risk remains entirely with the investor.**

Information Needed to Investors

- Crowdfunding are required to show that **the measurement techniques employed for risk assessments** are based on a sufficient number of elements and are appropriate to the complexity and level of the risks underlying i) the single projects; ii) the portfolio; and iii) the project owners;
- Crowdfunding platforms must **disclose in relation to several key characteristics of each loan** included in a certain portfolio;
- Crowdfunding platform needs to have in place policies **in relation to contingency funds.**

Next Steps

- The draft regulatory technical standards will be submitted to the Commission for endorsement (after which they will be subject to scrutiny by the European Parliament and the Council) before being published in the Official Journal of the European Union.

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