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The Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF) clarify their expectations regarding crowdfunding

Through their Joint Unit, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF) wish to enhance crowdfunders' protection. They have decided to publish a position on the procedure for default rates calculation, a recommendation on the platforms run-off management and a position on the marketing of crowdfunding offers. These documents target several types of professionals, namely crowdlending intermediaries, crowdfunding investment advisors and investment services providers.

The crowdfunding regulatory framework, which was established in 2014 and updated in 2016, set up different statuses for intermediaries in relation to the marketed products:

- crowdfunding investment advisors for investments in equity, bonds and "minibons" (interest-bearing notes). They are supervised by the AMF;
- crowdlending intermediaries for donations or loans – with or without interest. These professionals fall under the jurisdiction of the ACPR.

The regulations for these kind of intermediaries require, for instance :

- that platforms calculate and publish default rates;
- that a run-off management system be established for the platforms.

ACPR position 2017-P-02 and AMF Position-Recommendation DOC-2018-02 clarify the methodology used to calculate and publish default rates⁽¹⁾.

These default rates should enable clients and prospects to assess the quality of the platforms over their last three years of operation.

The methodological clarifications provided by the two authorities should help the platform's standardise their quarterly and annual publications.

The aim of ACPR recommendation 2017-R-02 and AMF Position-Recommendation DOC-2018-02 on the establishment of a run-off management system⁽²⁾.

Both authorities recommend that professionals identify the key processes that are essential to ensure the continuity of the services provided to clients, lenders and project initiators.

They also call on professionals to anticipate and test in advance the conditions under which a third party would take over these processes in the event the platform shuts down. Lastly, they offer a reminder of the relevant information on these processes to be communicated to the users of their platform.

AMF Position-Recommendation DOC-2018-02 for crowdfunding investment advisors and investment services providers active in crowdfunding also provides clarifications on:

- the establishment of real gradual access to information on the offers;
- the balance, clarity, accuracy and not misleading nature of the information about the platforms, whether it concerns the advantages and disadvantages of their services or the funding offers that they publicise by any means, including social media;
- in particular, all the fees paid as compensation for the platforms' services and the risks inherent in each offer;
- lastly, the platforms must be very careful about the marketing materials they send to their clients.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

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[1] Provided for in Article L. 548-6 of the Monetary and Financial Code for crowdfunding intermediaries and in Article L. 547-9 of the Monetary and Financial Code for crowdfunding investment advisors and investment services providers.

[2] Provided for in Article L. 548-6 of the Monetary and Financial Code. is that the funding transactions be completed even if the platform ceases operations.

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