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**CHECKLIST FOR THE**

**INTERNAL PROCEDURES MANUAL**

**ΤHAT ACCOMPANIES**

**THE APPLICATION OF**

«……………………………………………………»

**FOR THE GRANTING OF A**

**CROWDFUDING SERVICE PROVIDER AUTHORISATION**

**in accordance with the Regulation (EU) 2020/1503, the Commission Delegated Regulations (EU) supplementing Regulation (EU) 2020/1503 and the Commission Implementing Regulations (EU) for the application of Regulation (EU) 2020/1503**

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|  | **REQUESTED INFORMATION** | **Articles in Regulation (R)[[1]](#footnote-1) / Delegated Regulations (DR)[[2]](#footnote-2)/Implementing Regulations (IR)[[3]](#footnote-3)** | **Internal Procedures Manual Page** |
| --- | --- | --- | --- |
| PART I | PROGRAM OF OPERATIONS |  |  |
| 1. | Information on the types of crowdfunding services that the crowdfunding service provider (‘CSP’) intends to provide |  |  |
| **1.1** | The CSP shall indicate the crowdfunding services that it intends to provide: |  |  |
|  | 1. Facilitation of granting of loans[[4]](#footnote-4), which includes the provision of relevant information such as default rates of loans |  |  |
|  | 1. Placing without a firm commitment basis of transferable securities and admitted instruments for crowdfunding purposes issued by project owners or a special purpose vehicle, and the reception and transmission of client orders in relation to those transferable securities and admitted instruments |  |  |
| **1.2** | If the CSP will be providing facilitation of granting of loans, submit the below information:  Whether the CSP intends to provide individual portfolio management[[5]](#footnote-5) of loans including a description of the internal arrangements for the provision of such activity and a description of the contractual arrangements that the CSP will establish with project owners and with investors (with reference to the mandates that investors will give to the CSP) |  |  |
| **1.3** | Other services or activities that the CSP intends to provide: |  |  |
|  | 1. Asset safekeeping |  |  |
|  | 1. Payment services |  |  |
|  | 1. Use of special purpose vehicles for the provision of crowdfunding services |  |  |
|  | 1. Application of credit scores to crowdfunding projects |  |  |
|  | 1. Suggestion of the price and / or the interest rate of crowdfunding offers |  |  |
|  | 1. Operating a bulletin board |  |  |
|  | 1. Establishing and operating contingency funds |  |  |
| **1.4** | The types of offers that the CSP plans to present (such as loan-based projects, equity-based projects, the type of sector or business activity, the type of investments to be offered on the crowdfunding platform, and types of investors targeted) |  |  |
| **1.5** | The selection procedure setting out the details of the methods adopted to select the offers to be presented on the crowdfunding platform, including the nature and the extent of the due diligence undertaken in respect of project owners |  |  |
| **1.6** | The arrangements to make public the offers on the crowdfunding platform and how the interests of investors for a crowdfunding project will be communicated to the relevant project owner |  |  |
| **1.7** | Any other services/activities intended to be provided by the CSP not covered by Regulation (EU) 2020/1503 that may be provided according to Union or national law |  |  |
| 2. | Provide a description of the procedures and systems established by which the funds from the investors will be sent to the project owner and by which the investors will receive the remuneration of the capital invested. |  |  |
| 3. | Describe the arrangements for holding clients’ funds, given that both investors and project owners are considered as clients. |  |  |
| **4.** | **In case the provision of crowdfunding services shall take place through a special purpose vehicle, provide additional information in relation to the following:** | **R, Art.3, para 6** |  |
| **4.1** | How the illiquidity of the asset in question will be determined |  |  |
| **4.2** | How will the CSP ensure that only one illiquid or indivisible asset will be offered through such a special purpose vehicle |  |  |
| **4.3** | How will the CSP ensure that this requirement shall apply on a look-through basis |  |  |
| **5.** | **Where the CSP intends to operate a Bulletin Board it shall disclose the following information:** | **R, Art.25** |  |
| **5.1** | How the CSP will ensure that the advertisement of interest from clients will be only in relation to buying and selling loans, transferable securities or admitted instruments for crowdfunding purposes that were originally offered on its crowdfunding platform | **R, Art.25, para 1** |  |
| **5.2** | How and when the clients will be informed about the nature of the bulletin board | R, Art.25(3)(a) |  |
| **5.3** | How will it be ensured that clients advertising a sale of a loan, transferable security or admitted instrument will make available the respective key investment information sheet | R, Art.25(3)(b) |  |
| **5.4** | How and when will they provide clients with information on the performance of loans facilitated by the CSP | R, Art.25(3)(c) |  |
| **5.5** | How will it be ensured that clients advertising an interest to purchase a loan, security or instrument referred to in paragraph 5(1) and qualifying as non-sophisticated investors receive the information referred to in Article 19(2) and the risk warning referred to in Article 21(4) of Regulation (EU) 2020/1503 | R, Art.25(3)(d) |  |
| **5.6** | Where the CSP intends to provide asset safekeeping services in accordance with Article 10(1) of Regulation (EU) 2020/1503 it shall require its investors advertising such interest, to notify them of any changes in ownership for the purposes of conducting ownership verification and record- keeping | R, Art.25(4) |  |
| **5.7** | In case the CSP will be suggesting a reference price of the buying and selling of loans, transferable securities or admitted instruments for crowdfunding purposes it shall inform its clients that the suggested reference price is non-binding and substantiate the suggested reference price and shall disclose key elements of the methodology in line with Article 19(6) of Regulation (EU) 2020/1503 | R, Art.25(5) |  |
| **6.** | **Information on the Crowdfunding Platform** |  |  |
| **6.1** | Provide a description of the procedures adopted by the CSP in relation to: |  |  |
| **6.1.1** | the arrangements to make the information referred to in Article 19 of Regulation (EU) 2020/1503 available on the website of the CSP’s crowdfunding platform, including relevant IT arrangements |  |  |
| **6.1.2** | the arrangements to make the crowdfunding platform an internet-based information system, publicly accessible and without discriminatory access |  |  |
| **6.1.3** | the procedures and arrangements for the prompt, fair and expeditious provision of the crowdfunding services, including the description of: |  |  |
| **6.1.3.1** | the procedures for the reception and transmission of client orders |  |  |
| **6.1.3.2** | the systems for processing such orders |  |  |
| **6.1.3.3** | how these procedures and arrangements allow for the reception and transmission and execution of the client orders on an equal basis |  |  |
| **6.1.4** | the mechanisms that the CSP plans to implement to facilitate the information flows between the project owner and the investors, or between the investors, if applicable |  |  |
| **6.1.5** | The website through which the crowdfunding platform for the provision of the crowdfunding services will be operated |  |  |
| **7.** | **Limitation of crowdfunding offers on the CSP’s platform below the thresholds of the Prospectus Regulation (Regulation (EU) 2017/1129)** | R, Art.1(2)(c) |  |
| **7.1** | Provide details about the CSP’s measures and procedures for limiting crowdfunding offers on its platform below the thresholds of the Regulation (EU) 2017/1129 (‘Prospectus Regulation’) |  |  |
| **8.** | **Marketing** |  |  |
| **8.1** | **Marketing requirements** | **R, Art.27** |  |
| **8.1.1** | CSP shall ensure that all marketing communications about its services, including those outsourced to third parties, are clearly identifiable as such. | **R, Art.27, para 1** |  |
| **8.1.2** | Prior to the closure of raising funds for a project, no marketing communication shall disproportionately target planned, pending or current individual crowdfunding projects or offers.  The information contained in a marketing communication shall be fair, clear and not misleading, and shall be consistent with the information contained in the key investment information sheet, if the key investment information sheet is already available, or with the information required to be in the key investment information sheet, if the key investment information sheet is not yet available. | **R, Art.27, para 2** |  |
| **8.1.3** | For it marketing communications CSP shall use one or more of the official languages of the Member State in which the marketing communications are disseminated or a language accepted by the competent authorities of that Member State. | **R, Art.27, para 3** |  |
| **8.2** | **Provide information on how the crowdfunding offers are to be marketed** |  |  |
| **8.2.1** | the domicile of prospective customers and targeted investors |  |  |
| **8.2.2** | the marketing and promotional activity and arrangements, including languages of the offering and promotional documents |  |  |
| **8.2.3** | identification of the Member States where advertisements will be most visible and frequent in media |  |  |
| **8.2.4** | means of communication that will be used |  |  |
| **8.2.5** | The type of prospective investors |  |  |
| PART II | GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROL MECHANISMS |  |  |
| **9.** | **Governance arrangements** |  |  |
| **9.1** | Provide a description of: |  |  |
| **9.1.1** | The internal structure of the CSP (organisational chart, etc.) with indication of the distribution of the tasks and powers and the relevant reporting lines, the control arrangements implemented and any other useful information to illustrate the CSP’s operational features, policies and procedures to ensure effective and prudent management |  |  |
| **9.1.2** | The staff-recruitment plan, if any, for the next three years and the relative state of implementation, or indication of the personnel in office to be used for carrying out the services |  |  |
| **10.** | **Internal control mechanisms** |  |  |
| **10.1** | Provide a description of the CSP’s internal control mechanism (such as compliance function and risk management function, where established) put in place in order to monitor and to ensure compliance of its procedures with Regulation (EU) 2020/1503, including information on reporting to the management body |  |  |
| **11.** | **Risk Management** |  |  |
| **11.1** | Provide a mapping of the risks identified by the CSP and a description of risk management policies and procedures to identify, manage and monitor risks related to CSP’s activities, processes and systems, including: |  |  |
| **11.1.1** | A description of the internal processes and methodologies referred to in Article 6 (2) of Regulation (EU) 2020/1503 (where the CSP offers individual portfolio management of loans) |  |  |
| **11.1.2** | A description of the policy of the contingency fund referred to in Article 6 (5)(b) of Regulation (EU) 2020/1503 (where applicable) |  |  |
| **12.** | **Accounting procedures** |  |  |
| **12.1** | Describe the accounting procedures by which the CSP will record and report its financial information |  |  |
| PART III | SYSTEMS, RESOURCES AND PROCEDURES FOR THE CONTROL AND SAFEGUARDING OF THE DATA PROCESSING SYSTEM |  |  |
| **13.** | Provide a description of: |  |  |
| **13.1** | The internal arrangements adopted to ensure the proper handling of the personal data and information received from investors, including the use of clouds |  |  |
| **13.2** | the policy for fraud prevention and privacy/data protection |  |  |
| **13.3** | the locations, methods, and policies for documentation archiving, including the use of clouds |  |  |
| PART IV | OPERATIONAL RISKS |  |  |
| **14.** | **Risks related to the IT infrastructure and procedures** |  |  |
| **14.1** | Provide a description of the identified sources of operational risks and the procedures, systems and controls adopted to manage those operational risks (system reliability, security, integrity, privacy, etc.), including: |  |  |
| **14.1.1** | procedures to avoid operational interruptions |  |  |
| **14.1.2** | back-up devices in place |  |  |
| **14.1.3** | measures on safeguards against hackers' attacks |  |  |
| **15.** | **Risks related to the asset safekeeping services and to the payment services (where applicable)** |  |  |
| **15.1** | Provide a description of the identified sources of operational risks and the procedures, systems and controls adopted to manage those risks related to those services, including when those services are provided by a third party |  |  |
| **16.** | **Risk related to the determination of the offer** |  |  |
| **16.1** | Provide a description of the technical tools and human resources dedicated to the offer determination. In particular, the determination of the pricing in accordance with Article 4(4)(d) of Regulation (EU) 2020/1503 |  |  |
| **16.2** | Particularly, where the CSP will also determine the price of a crowdfunding offer, it shall: | R, Art.4, para 4 |  |
| **16.2.1** | Include the tools, methodologies, policies and procedures implemented and maintained to assess the credit risk of the crowdfunding project or the project owner before the crowdfunding offer is made, including by considering the risk that the project owner will not make one or more repayments in case of a loan, bond or other form of securitized debt by the due date | R, Art.4, para 4 (a) |  |
| **16.2.2** | Base the credit risk assessment on sufficient information, including the following: | R, Art.4, para 4 (b) |  |
| **16.2.2.1** | where available, audited accounts covering the two latest financial years | R, Art.4, para 4 (b)(i) |  |
| **16.2.2.2** | information of which it is aware at the time the credit risk assessment is carried out | R, Art.4, para 4 (b)(ii) |  |
| **16.2.2.3** | information which has been obtained, where appropriate, from the project owner | R, Art.4, para 4 (b)(iii) |  |
| **16.2.2.4** | information which enables the CSP to carry out a reasonable credit risk assessment | R, Art.4, para 4 (b)(iv) |  |
| **16.2.3** | Establish, implement, and maintain clear and effective policies and procedures to enable the CSP to carry out credit risk assessments, and publish those policies and procedures | R, Art.4, para 4 (c) |  |
| **16.2.4** | Ensure that the price is fair and appropriate, including in situations where the CSP determining the price of loans is facilitating an exit for a lender before the maturity date of a loan | R, Art.4, para 4 (d) |  |
| **16.2.5** | Conduct a valuation of each loan in at least the following circumstances: | R, Art.4, para 4 (e) |  |
| **16.2.5.1** | at the moment when the loan is originated | R, Art.4, para 4 (e)(i) |  |
| **16.2.5.2** | where the CSP considers that the project owner is unlikely to fulfil its obligations to repay the loan in full, without the CSP enforcing any relevant security interest or taking other steps with analogous effect | R, Art.4, para 4 (e)(ii) |  |
| **16.2.5.3** | following a default | R, Art.4, para 4 (e)(iii) |  |
| **16.2.5.4** | where the CSP is facilitating an exit for a lender before the maturity date of the loan | R, Art.4, para 4 (e)(iv) |  |
| **16.2.6** | Have and use a risk-management framework that is designed to achieve compliance with the requirements set out in points 16.2.1 to 16.2.5 | R, Art.4, para 4 (f) |  |
| **16.2.7** | Maintain a record of each facilitated crowdfunding offer sufficient to demonstrate that: | R, Art.4, para 4 (g) |  |
| **16.2.7.1** | a credit risk assessment was carried out when required and in compliance with points 16.2.1 and 16.2.2 above | R, Art.4, para 4 (g)(i) |  |
| **16.2.7.2** | the price of the crowdfunding offer was fair and appropriate in line with the risk-management framework | R, Art.4, para 4 (g)(ii) |  |
| **17.** | **Risks relating to outsourcing of operational functions** |  |  |
| **17.1** | Where the CSP intends to rely on a third party for the performance of operational functions, provide a description of the identified sources of operational risks and description of procedures, systems and controls adopted to manage those operational risks |  |  |
| **18.** | **Any other operational risk(s)** |  |  |
| **18.1** | Describe any other identified source(s) of operational risks and the procedures, systems and controls adopted to manage those operational risks |  |  |
| PART V | PRUDENTIAL SAFEGUARDS PLANNING |  |  |
| **19.** | **Provide a description of the CSP’s prudential safeguards planning and monitoring procedures in accordance with Article 11 of Regulation (EU) 2020/1503** | R, Art.11 |  |
| PART VI | ORGANISATION |  |  |
| **20.** | **Organisational and operational requirements** |  |  |
| **20.1** | **Effective and prudent management** | **R Art.4** |  |
| **20.1.1** | Provide a description of the management body’s procedures to establish and oversee the implementation of adequate policies and procedures to ensure effective and prudent management, including the segregation of duties, business continuity and the prevention of conflicts of interest, in a manner that promotes the integrity of the market and the interests of its clients | **R Art.4, para 1** |  |
| **20.1.2** | Provide a description of the management body’s procedures to establish and oversee the implementation of appropriate systems and controls to assess the risks related to the loans intermediated on the crowdfunding platform.  A CSP that provides individual portfolio management of loans shall ensure that it has in place adequate systems and controls for the management of risk and financial modelling for that provision of services and that it complies with the requirements set out in Article 6(1) to (3) of Regulation (EU) 2020/1503. | **R Art.4, para 2** |  |
| **20.2** | The management body shall review, at least once every two years, taking into account the nature, scale and complexity of the crowdfunding services provided, the prudential safeguards referred to in point (h) of Article 12(2) of Regulation (EU) 2020/1503 and the business continuity plan referred to in point (j) of Article 12(2) of Regulation (EU) 2020/1503. | **R Art.4, para 3** |  |
| **21.** | **Due Diligence requirements** | **R Art.5** |  |
| **21.1** | Provide a description of the CSP’s due diligence procedures in respect of project owners that propose their projects to be funded through its crowdfunding platform. | **R Art.5, para 1** |  |
| **21.1.1** | The minimum level of due diligence shall include obtaining all of the following evidence: | **R Art.5, para 2** |  |
| **21.1.1.1** | that the project owner has no criminal record in respect of infringements of national rules in fields of commercial law, insolvency law, financial services law, anti-money laundering law, fraud law or professional liability obligations |  |  |
| **21.1.1.2** | that the project owner is not established in a non-cooperative jurisdiction, as recognised by the relevant Union policy, or in a high-risk third country pursuant to Article 9(2) of Directive (EU) 2015/849. |  |  |
| **22.** | **Individual portfolio management of loans** | **R Art.6 and**  **DR2022/2118** |  |
| **22.1** | In case the CSP will offer individual portfolio management of loans, an investor shall give the mandate specifying the parameters for providing the service, which shall include at least two of the following criteria that every loan in the portfolio will have to comply with: | **R Art.6, para 1** |  |
| **22.1.1** | the minimum and maximum interest rate payable under any loan facilitated for the investor. |  |  |
| **22.1.2** | the minimum and maximum maturity date of any loan facilitated for the investor. |  |  |
| **22.1.3** | the range and distribution of any risk categories applicable to the loans. |  |  |
| **22.1.4** | if an annual target rate of return on investment is offered, the likelihood that the selected loans will enable the investor to achieve the target rate with reasonable certainty. |  |  |
| **22.1.5** | In order to comply with the above, the CSP shall have in place robust internal processes and methodologies and use appropriate data. The CSP may use its own data or data sourced from third parties.  The CSP shall assess:  (a) the credit risk of individual crowdfunding projects selected for the investor’s portfolio;  (b) the credit risk at the investor’s portfolio level,; and  (c) the credit risk of the project owners selected for the investor’s portfolio by verifying the prospect of the project owners meeting their obligations under the loan.  The CSP shall also provide a description of the method used for the assessments referred to in points (a), (b) and (c) above to the investor, taking into consideration the provisions of Articles 3, 4, 5, 6 and 7 of Commission Delegated Regulation (EU) 2022/2118. | **R Art.6, para 2** |  |
| **22.2** | On a continuous basis and upon the request of an investor, the CSP shall provide via electronic means at least the following information on each individual portfolio: | **R, Art.6, para 4** |  |
| **22.2.1** | the list of individual loans of which a portfolio is composed |  |  |
| **22.2.2** | the weighted average annual interest rate on loans in a portfolio |  |  |
| **22.2.3** | the distribution of loans according to risk category, in percentage and absolute numbers |  |  |
| **22.2.4** | for every loan of which a portfolio is composed, key information, including at least an interest rate or other compensation to the investor, maturity date, risk category, schedule for the repayment of the principal and payment of interest, compliance of the project owner with that instalment payment schedule |  |  |
| **22.2.5** | for every loan of which a portfolio is composed, risk mitigation measures including collateral providers or guarantors or other types of guarantees |  |  |
| **22.2.6** | any default on credit agreements by the project owner within the past five years |  |  |
| **22.2.7** | any fees paid in respect of the loan by the investor, the CSP or the project owner |  |  |
| **22.2.8** | In case the CSP will carry out a valuation of the loan:   1. the most recent valuation 2. the valuation date 3. an explanation as to why the CSP conducted the valuation 4. a fair description of the likely actual return, taking into account fees and default rates |  |  |
| **22.2.9** | In case the CSP will establish and operate a contingency fund for its activity related to the individual portfolio management of loans, it shall provide the following information to the investors: | **R, Art.6, para 5** |  |
| **22.2.9.1** | a risk warning specifying: ‘*The contingency fund we offer does not give you a right to a payment so it may happen that you do not receive a pay-out even if you suffer loss. The contingency fund operator has absolute discretion as to the amount that may be paid, including making no payment at all. Therefore, investors should not rely on possible pay-outs from the contingency fund when considering whether or how much to invest*.’ |  |  |
| **22.2.9.2** | a description of the policy of the contingency fund, including:   1. an explanation of the source of the money paid into the fund 2. an explanation of how the fund is governed 3. an explanation concerning whom the money belongs to 4. the considerations the contingency fund operator takes into account when deciding whether or how to exercise its discretion to pay out from the fund, including:    1. whether or not the fund has sufficient money to pay; and    2. that the contingency fund operator has absolute discretion in any event not to pay or to decide the amount of the payment 5. an explanation of the process for considering whether to make a discretionary payment from the fund 6. a description of how the money paid into the fund will be treated in the event of insolvency of the contingency fund operator |  |  |
| **22.2.10** | In case the CSP will establish and operate a contingency fund, it shall provide the following information about the performance of the fund to the public on a quarterly basis: | **R, Art.6, para 6** |  |
| **22.2.10.1** | the size of the contingency fund compared to the total amounts outstanding on loans relevant to the contingency fund |  |  |
| **22.2.10.2** | the ratio between payments made of the contingency fund to the total amounts outstanding on loans relevant to the contingency fund |  |  |
| **22.3** | For the calculation of the weighted average annual interest rate on loans in a portfolio as referred to in paragraph 22.2.2, the CSP shall take into account the provisions of Article 8 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.8** |  |
| **22.4** | For the calculation of the distribution of loans according to risk category, in percentage and absolute numbers as referred to in paragraph 22.2.3, the CSP shall take into account the provisions of Article 9 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.9** |  |
| **22.5** | The key information for every loan of which a portfolio is composed as referred to in paragraph 22.2.4 shall contain all of the information referred to in Article 10, paragraph 1 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.10, para 1** |  |
| **22.6** | The CSP shall require the project owner to provide the information referred to in paragraph 2 of Article 10 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.10, para 3** |  |
| **22.7** | The CSP shall take appropriate steps to ensure that the information provided by the project owners in accordance with paragraph 22.6 is accurate, reliable and up to date. | **DR2022/2118, Art.10, para 4** |  |
| **22.8** | For the purposes of the required information regarding the risk mitigation measures referred to in paragraph 22.2.5, the CSP shall take into account the provisions of Article 11 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.11** |  |
| **22.9** | For the purposes of the required information regarding the defaults on credit agreements by the project owners referred to in paragraph 22.2.6, the CSP shall take into account the provisions of Article 12 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.12** |  |
| **22.10** | For the purposes of the required information regarding the fees paid in respect of loans referred to in paragraph 22.2.7, the CSP shall take into account the provisions of Article 13 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.13** |  |
| **22.11** | For the purposes of the valuation of the loan referred to in paragraph 22.2.8, the CSP shall take into account the provisions of Article 14 of Commission Delegated Regulation (EU) 2022/2118. | **DR2022/2118, Art.14** |  |
| **22.12** | **Policies, procedures and organisational arrangements required with regard to contingency funds** | **DR2022/2118,Chapter IV** |  |
|  | *General requirements* | **DR2022/2118, Art.15** |  |
| **22.12.1** | CSP that has established and operates a contingency fund for its activities relating to the individual portfolio management of loans shall have in place adequate policies and procedures and organisational arrangements to ensure that the contingency fund is managed prudently and can fulfil its objectives. | **DR2022/2118, Art.15, para 1** |  |
| **22.12.2** | For the purposes of paragraph 22.12.1, the policies, procedures and organisational arrangements relating to the contingency fund shall be approved by the management body of the CSP and shall be in written form, updated, and well documented. | **DR2022/2118, Art.15, para 2** |  |
|  | *Organisational arrangements* | **DR2022/2118, Art.16** |  |
| **22.12.3** | CSP shall ensure a robust and transparent organisational and operational structure for any contingency fund it may have in place and shall have a written description of it. | **DR2022/2118, Art.16, para 1** |  |
| **22.12.4** | The management body of CSP shall oversee the implementation of the governance and organisational arrangements of the contingency fund. | **DR2022/2118, Art.16, para 2** |  |
| **22.12.5** | For the purposes of paragraph 22.12.4, all the members of the management body of CSP shall;  (a) have full knowledge of the legal, organisational and operational structure of the contingency fund and ensure that that structure is in line with its approved purposes;  (b) be fully aware of the structure, responsibilities and the division of tasks within the contingency fund. | **DR2022/2118, Art.16, para 3** |  |
| **22.12.6** | The organisational structure of the fund shall not impede the ability of the management body to identify, oversee and manage effectively the risks that the fund will face as a result of its operations. | **DR2022/2118, Art.16, para 4** |  |
|  | *Governance Policy* | **DR2022/2118, Art.17** |  |
| **22.12.7** | CSP shall have in place a governance policy to govern the contingency fund. That policy shall ensure that internal governance arrangements, processes and mechanisms are consistent, well integrated and adequate to ensure the well-functioning of the contingency fund. | **DR2022/2118, Art.17, para 1** |  |
| **22.12.8** | The governance policy referred to in paragraph 22.12.7 shall contain all of the following elements and information:  (a) the purpose of the contingency fund;  (b) the legal and operational structure of the contingency fund, including whether it is operated by the CSP itself or by a third party;  (c) the duration of the contingency fund, including cases in which the fund has an unlimited term. | **DR2022/2118, Art.17, para 2** |  |
| **22.12.9** | In the event that the contingency fund is operated by a third party, the governance policy referred to in paragraph 22.12.7 shall also contain all of the following:  (a) the composition of the management body of the contingency fund;  (b) the responsibilities and duties of the management body of the contingency fund;  (c) a description of the competences and skills of each member of the management body of the contingency fund;  (d) the frequency of the meetings of the management body of the contingency fund;  (e) the reporting requirements between the management body of the contingency fund and the management body of the CSP;  (f) the responsibilities for the documentation, management and control of the outsourcing arrangements;  (g) the identification of one or more senior staff members who are directly accountable to the management body of the CSP and responsible for managing and overseeing the risks of outsourcing arrangements, including the respective documentation. | **DR2022/2118, Art.17, para 3** |  |
|  | *Funding Policy* | **DR2022/2118, Art.18** |  |
| **22.12.10** | The CSP shall have in place a funding policy to determine how the contingency fund is financed and how the proceeds collected are managed. | **DR2022/2118, Art.18, para 1** |  |
| **22.12.11** | For the purpose of paragraph 22.12.10, the funding policy referred to in paragraph 22.12.10 shall contain all of the following elements and information:  (a) any initial contribution made by the CSP into the contingency fund;  (b) the type of fees that are collected for accruing the contingency fund;  (c) the criteria the contingency fund management takes into account when deciding the type of fees to be levied;  (d) the criteria the contingency fund management takes into account when deciding the amount of fees to be levied for each loan;  (e) the decision-making process to determine the amount and nature of fees to be levied;  (f) the investment strategy adopted by the contingency fund for investing the funds under management;  (g) the legal ownership of the funds;  (h) how the funds will be dissolved in the event of the maturity of the contingency fund;  (i) how the funds are segregated from other assets owned by the CSP;  (j) how the money paid into the contingency fund will be treated in the event of the insolvency of the contingency fund operator. | **DR2022/2118, Art.18, para 2** |  |
|  | *Disbursement Policy* | **DR2022/2118, Art.19** |  |
| **22.12.13** | The CSP shall have in place a policy to determine how all of the following elements are considered in the decision on proceeding to any disbursement from the contingency fund to investors:  (a) updated available fund balance;  (b) the share of the loans that have defaulted in a given portfolio;  (c) the interest rates and maturity of the loans that have defaulted in a given portfolio;  (d) the procedure to be followed when considering whether to make a discretionary payment from the contingency fund;  (e) the circumstances in which the contingency fund may be activated for the pay-out;  (f) the criteria to be considered in the event of competing or simultaneous claims of investors on the same defaulted loans. |  |  |
|  | *Business continuity policy* | **DR2022/2118, Art.20** |  |
| **22.12.14** | CSP shall establish a sound business continuity policy for the contingency fund to ensure its ability to operate on an ongoing basis and to limit possible losses in the event of temporary or definitive failure. |  |  |
|  | *Transparency and disclosure to investors* | **DR2022/2118, Art.21** |  |
| **22.12.15** | The management body of the CSP shall inform and update its staff about the contingency fund’s policies and procedures in a clear and consistent way, at least to the level needed to carry out the duties of the contingency fund. | **DR2022/2118, Art.21, para 1** |  |
| **22.12.16** | The policies, procedures and organisational arrangements that the CSP shall have in place in accordance with Article 6(7), point (c) of Regulation (EU) 2020/1503 shall be consistently reflected in the contingency fund policy referred to in Article 6(5), point (b), of that Regulation. | **DR2022/2118, Art.21, para 2** |  |
| PART VII | OUTSOURCING | R, Art.9 |  |
| **23.** | Describe the procedures implemented by the CSP to avoid additional operational risk when relying on a third party for the performance of operational functions | **R, Art.9, para 1** |  |
| **24.** | Outsourcing of operational functions shall not impair the quality of the CSP’s internal control and the ability of the competent authority to monitor the CSP’s compliance with Regulation (EU) 2020/1503 | **R, Art.9, para 2** |  |
| **25.** | CSP shall remain fully responsible for compliance with Regulation (EU) 2020/1503 with respect to the outsourced activities | **R, Art.9, para 3** |  |
| PART VIII | COMPLAINTS HANDLING | R, Art.7 and DR2022/2117 |  |
| **26.** | **Provide a description of the procedures adopted by the CSP, to handle complaints from clients, including the timeframe within which a decision on the complaint will be notified to potential complainants, taking into consideration Article 1 of the Commission Delegated Regulation (EU) 2022/2117.** |  |  |
| **26.1** | CSP shall have in place effective and transparent procedures for the prompt, fair and consistent handling of complaints received from clients and shall publish descriptions of those procedures.  Particularly, the procedures for complaints handling shall provide the clients of CSP with clear and accurate information and shall contain at least all of the following: | **R, Art.7, para 1**  **DR2022/2117, Art.1, para 2** |  |
| **26.1.1** | the conditions for the admissibility of complaints; |  |  |
| **26.1.2** | information that complaints are filed and handled free of charge; |  |  |
| **26.1.3** | a detailed description of how to file complaints, including: |  |  |
| **26.1.3.1** | information that complaints must be filed using the standard template set out in the Annex of the Commission Delegated Regulation (EU) 2022/2117;  The above said template shall also be attached. |  |  |
| **26.1.3.2** | the type of information and evidence to be provided by the complainant; |  |  |
| **26.1.3.3** | the identity and contact details of the person to whom or the department to which complaints must be addressed; |  |  |
| **26.1.3.4** | the electronic platform, system or address to which complaints must be submitted; |  |  |
| **26.1.3.5** | the language or languages in which a complainant is allowed to file a complaint pursuant to paragraph 26.3.1; |  |  |
| **26.1.4** | the process for complaints handling, as specified in paragraphs 26.4 to 26.6.7; |  |  |
| **26.1.5** | the timeframe within which a decision on the complaint is notified to the complainant. |  |  |
| **26.2** | CSP shall be able to amend the procedures for complaints handling, where appropriate. It shall publish an up-to-date description of such procedures on its website, as well as the standard template set out in the Annex, and ensure that both the description and that template are easily accessible on its website. | **DR2022/2117, Art.1, para 3** |  |
| **26.3** | The description of the complaint handling procedures and the standard template set out in the Annex of the Commission Delegated Regulation (EU) 2022/2117shall be published in each of the languages of the key investment information sheet referred to in Articles 23 and 24 of Regulation (EU) 2020/1503 or the marketing communications referred to in Article 27(1) of that Regulation. | **DR2022/2117, Art.1, para 4** |  |
| **26.3.1** | CSP shall ensure that clients are able to file complaints in any of the languages referred to in paragraph 26.3. | **DR2022/2117, Art.2, para 2** |  |
| **26.4** | CSP shall acknowledge receipt of a complaint and inform the complainant about whether the complaint is admissible within 10 working days of its receipt. Where a complaint does not fulfil the conditions of admissibility referred in paragraph 26.1.1, CSP shall provide the complainant with a clear explanation of the reasons for rejecting the complaint as inadmissible. | **DR2022/2117, Art.3, para 1** |  |
| **26.5** | The acknowledgment of receipt of a complaint shall contain the following:  (a) the identity and contact details, including e-mail address and telephone number, of the person to whom, or the department to which, complainants can address any query related to their complaint;  (b) a reference to the timeframe referred to in paragraph 26.1.5. | **DR2022/2117, Art.3, para 2** |  |
| **26.6** | CSP shall investigate all complaints in a timely and fair manner and communicate the outcome within a reasonable period of time to the complainant. Particularly: | **R, Art.7, para 4** |  |
| **26.6.1** | Upon receipt of an admissible complaint, CSP shall, without undue delay, assess whether the complaint is clear and complete. In particular, it shall assess whether the complaint contains all relevant information and evidence. Where the CSP concludes that a complaint is unclear or incomplete, it shall promptly request any additional information or evidence necessary for the proper handling of the complaint. | **DR2022/2117, Art.4, para 1** |  |
| **26.6.2** | CSP shall seek to gather and examine all relevant information and evidence regarding a complaint. | **DR2022/2117, Art.4, para 2** |  |
| **26.6.3** | CSP shall keep the complainant duly informed about any additional steps taken to handle the complaint and reply to reasonable information requests made by the complainant without any undue delay. | **DR2022/2117, Art.4, para 3** |  |
| **26.6.4** | In its decision on a complaint, the CSP shall address all points raised in the complaint and shall state the reasons for the outcome of the investigation. That decision shall be consistent with any previous decision taken by the CSP in respect of similar complaints, unless the CSP is able to justify why a different conclusion is drawn. | **DR2022/2117, Art.5, para 1** |  |
| **26.6.5** | CSP shall communicate its decision on a complaint to the complainant as soon as possible and within the timeframe referred to in paragraph 26.1.5. | **DR2022/2117, Art.5, para 2** |  |
| **26.6.6** | Where, in exceptional situations, the decision on a complaint cannot be provided within the timeframe referred to in paragraph 26.1.5, CSP shall inform the complainant about the reasons for that delay and specify the date of the decision. | **DR2022/2117, Art.5, para 3** |  |
| **26.6.7** | Where the decision does not satisfy the complainant’s demand or only partially satisfies it, the decision shall thoroughly set out the reasoning and contain information on available remedies. | **DR2022/2117, Art.5, para 4** |  |
| **26.6.8** | When handling complaints, CSP shall communicate with complainants in a clear and plain language that is easy to understand. | **DR2022/2117, Art.6, para 1** |  |
| **26.6.9** | Any communication made by the CSP under paragraphs 26.4 to 26.6.7 that is addressed to a complainant shall be made in the language in which the complainant filed its complaint, provided that the language used by the complainant is one of the languages referred to in paragraph 26.1.3.5. The communication shall be made in writing by electronic means or, upon the complainant’s request, in paper form. | **DR2022/2117, Art.6, para 2** |  |
| **26.6.10** | CSP shall keep a record of all complaints received and the measures taken. | **R, Art.7, para 3** |  |
| PART IX | CONFLICTS OF INTEREST | R, Art.8 and **DR2022/2111** |  |
| **27.** | Provide a description of the procedures implemented to ensure that: |  |  |
| **27.1** | The CSP shall not have any participation in any crowdfunding offer on its crowdfunding platform | **R, Art.8, para 1** |  |
| **27.2** | The CSP shall not accept as project owners in relation to the crowdfunding services offered on its crowdfunding platform any of the following: | **R, Art.8, para 2** |  |
| **27.2.1** | their shareholders holding 20%, or more, of share capital or voting rights |  |  |
| **27.2.2** | their managers or employees |  |  |
| **27.2.3** | any natural or legal person linked to those shareholders, managers or employees by control as defined in point (35)(b) of Article 4(1) of Directive 2014/65/EU |  |  |
| **28.** | In case the CSP accepts as investors in its crowdfunding project offered on its crowdfunding platform any of the persons referred above, shall fully disclose on its website the fact that it accepts such persons as investors, including information on the specific crowdfunding projects invested in, and shall ensure that such investments are made under the same conditions as those of other investors and that those persons do not enjoy any preferential treatment or privileged access to information. | **R, Art.8, para 2** |  |
| **29.** | The CSP shall maintain and operate effective internal rules to prevent conflicts of interest.  Particularly: | **R, Art.8, para 3** |  |
| **29.1** | The CSP shall establish in writing, and implement and maintain, internal rules to prevent conflicts of interest. The rules to prevent conflicts of interest shall be appropriate to the size and organisation of the CSP, as well as the nature, scale and complexity of its business. | **DR2022/2111, Art.1, para 1** |  |
| **29.2** | Where the CSP is a member of a group, the internal rules to prevent conflicts of interest referred to in paragraph 29.1 shall take into account any circumstances that constitute or may give rise to a conflict of interest due to the structure and business activities of other members of the group. | **DR2022/2111, Art.1, para 2** |  |
| **29.3** | The internal rules to prevent conflicts of interest referred to in paragraph 29.1 shall require the CSP to:   * + - 1. ensure that any of the persons referred to in Article 8(2), first subparagraph, points (a), (b) and (c) of Regulation (EU) 2020/1503 are not accepted as project owners in the crowdfunding projects offered on its crowdfunding platform;       2. identify whether any of the persons referred to in Article 8(2), first subparagraph, points (a), (b) and (c), of Regulation (EU) 2020/1503 have been accepted as investors in the crowdfunding projects offered on its crowdfunding platform;       3. identify any other circumstances which may give rise to an actual or potential conflict of interest between the persons referred to in Article 8(4) of Regulation (EU) 2020/1503, while taking into account the size and activities of the CSP and, where applicable, of the group to which it belongs, and the risk of damage to the interests of clients;       4. where relevant, specify procedures to be followed and measures to be adopted, including procedures and measures concerning the relevant internal responsibilities within the organisation of the CSP, to comply with the requirements laid down in Article 8(2) of Regulation (EU) 2020/1503 and pursuant to point (c) of this paragraph. | **DR2022/2111, Art.1, para 3** |  |
| **29.4** | In the situation referred to in paragraph 29.3, point (b), persons as referred to in Article 8(4) of Regulation (EU) 2020/1503 that are engaged in different business activities involving a conflict of interest of the kind specified in Article 8(2), first subparagraph, points (a), (b) and (c), of Regulation (EU) 2020/1503 shall carry on those activities at a level of independence appropriate to:   1. the size and activities of the CSP; 2. where applicable, the size and activities of the group to which the CSP belongs; 3. to the risk of damage to the interests of clients. | **DR2022/2111, Art.1, para 4** |  |
| **29.5** | In the situation referred to in paragraph 29.3, point (c), internal rules shall consist all of the following:   1. effective procedures to prevent or control the exchange of information between persons as referred to in Article 8(4) of Regulation (EU) 2020/1503 that are engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients of the CSP; 2. provisions for separate supervision of persons as referred to in Article 8(4) of Regulation (EU) 2020/1503 whose principal functions involve carrying out activities on behalf of, or providing services to clients whose interests may conflict, or who otherwise represent different interests that may conflict, including the interests of the CSP; 3. removal of any direct link between the remuneration of persons as referred to in Article 8(4) of Regulation (EU) 2020/1503 that are principally engaged in one activity and the remuneration of, or revenues generated by, different persons, as referred in article 8(4) of Regulation (EU) 2020/1503, principally engaged in another activity, where a conflict of interest may arise in relation to those activities; 4. measures to prevent or limit any person from exercising inappropriate influence over the way in which a person as referred to in Article 8(4) of Regulation (EU) 2020/1503 carries out crowdfunding services; 5. measures to prevent or control the simultaneous or sequential involvement of a person as referred to in Article 8(4) of Regulation (EU) 2020/1503 in separate crowdfunding services where such involvement may impair the proper management of conflicts of interest. | **DR2022/2111, Art.1, para 5** |  |
| **30.** | The CSP shall assess and review its internal rules to prevent conflicts of interest at least annually and shall take all appropriate measures to address any deficiencies identified. | **DR2022/2111, Art.1, para 6** |  |
| **31.** | The CSP shall take all appropriate steps to prevent, identify, manage and disclose conflicts of interest between the CSP itself, its shareholders, its managers or employees, or any natural or legal person linked to it by control, as defined in point (35)(b) of Article 4(1) of Directive 2014/65/EU, and its clients, or between one client and another client.  Particularly: | **R, Art.8, para 4** |  |
| **31.1** | The steps that the CSP is required to take shall aim at ensuring with reasonable confidence that risks of damage to client interests will be prevented, and, where that is not possible, appropriately mitigated. | **DR2022/2111, Art.2, para 1** |  |
| **31.2** | For the purposes of identifying the types of conflict of interest that arise while providing crowdfunding services and whose existence may damage the interests of a client, in addition to the types of conflicts of interests referred to in Article 8(2), first subparagraph, of Regulation (EU) 2020/1503, the CSP shall take into account, as a minimum, whether any of the persons referred to in Article 8(4) of that Regulation:   1. is likely to make a financial gain, or avoid a financial loss, at the expense of the client; 2. has an interest in the outcome of a service provided to the client which is distinct from the client's interest in that outcome; 3. has a financial or other incentive to favour the interest of a client or group of clients over the interests of another client. | **DR2022/2111, Art.2, para 2** |  |
| **32.** | The CSP shall disclose to its clients the general nature and sources of conflicts of interest and the steps taken to mitigate them. | **R, Art.8, para 5** |  |
| **32.1** | Such disclosure shall be included on the CSP’s website in a prominent place and shall:   1. be made on a durable medium 2. include sufficient detail, taking into account the nature of each client, to enable each client to take an informed decision about the service in the context of which the conflict of interest arises. | **R, Art.8, para 6** |  |
| **32.1.1** | The CSP shall publish and update the information referred to in para 32 on its website on a place that is easily accessible for clients. The CSP shall disclose that information to clients on a durable medium, unless no conflict of interest has been identified in accordance with Article 8(4) of Regulation (EU) 2020/1503, and shall update that information where relevant. | **DR2022/2111, Art.3, para 1** |  |
| **32.1.2** | The disclosure referred to in paragraph 32.1.1 shall contain a specific and clear description of the conflicts of interest and associated risks identified in the context of a given service, taking into account the nature of the clients to whom the disclosure is being made, in particular their qualification as sophisticated or non-sophisticated prospective investors. | **DR2022/2111, Art.3, para 2** |  |
| PART X | ASSET SAFEKEEPING SERVICES AND PAYMENT SERVICES | R, Art.10 |  |
| **33.** | **Describe the procedures implemented by the CSP to inform its clients when providing asset safekeeping services and payment services, including the following:** | **R, Art.10, para 1** |  |
| **33.1** | the nature and terms and conditions of those services, including references to the applicable national law |  |  |
| **33.2** | whether those services are provided by them directly or by a third party |  |  |
| **34.** | Where the CSP carries out payment transactions related to transferable securities and admitted instruments for crowdfunding purposes, they shall deposit the funds with one of the following entities: | **R, Art.10, para 2** |  |
| **34.1** | a central bank; or |  |  |
| **34.2** | a credit institution authorised in accordance with Directive 2013/36/EU. |  |  |
| **35.** | Transferable securities or admitted instruments for crowdfunding purposes offered on a crowdfunding platform, and which can be registered in a financial instruments account opened in the name of an investor or which can be physically delivered to a custodian, shall be held in custody by the CSP or by a third party. | **R, Art.10, para 3** |  |
| **35.1** | Indicate whether the CSP or the third party holds an authorisation in accordance with Directive 2013/36/EU or 2014/65/EU for the provision of custody services. |  |  |
| **35.2** | Indicate whether the CSP is a regulated payment service provider in accordance with Directive (EU) 2015/2366, or whether the payment services will be provided through a regulated third party. | **R, Art.10, para 4** |  |
| **35.3** | Where a CSP does not provide payment services in relation to the crowdfunding services, either itself or through a third party, such a CSP shall put in place and maintain arrangements to ensure that project owners accept funding of crowdfunding projects, or any other payment, only by means of a payment service provider in accordance with Directive (EU) 2015/2366. | **R, Art.10, para 5** |  |
| PART XI | CROSS-BORDER PROVISION OF CROWDFUNDING SERVICES | R, Art.18 |  |
| **36.** | **Where the CSP intends to provide crowdfunding services in another Member State provide the following information:** | **R, Art.18, para 1** |  |
| **36.1** | a list of the Member States in which the CSP intends to provide crowdfunding services |  |  |
| **36.2** | the identity of the natural and legal persons responsible for the provision of the crowdfunding services in those Member States |  |  |
| **36.3** | the starting date of the intended provision of the crowdfunding services by the CSP |  |  |
| **36.4** | a list of any other activities provided by the CSP not covered by this Regulation |  |  |
| PART XII | Information to clients | R, Art.19 |  |
| **37.1** | Provide a description of the procedures imposed, to ensure that all information, including marketing communications as referred to in Article 27 of Regulation (EU) 2020/1503, provided to clients about the CSP, the costs, the financial risks and charges related to crowdfunding services or investments, the crowdfunding project selection criteria, and about the nature of, and risks associated with, the CSP’s crowdfunding services shall be fair, clear and not misleading. | **R, Art.19, para 1** |  |
| **37.2** | Clients shall be informed that the CSP’s crowdfunding services are not covered by the deposit guarantee scheme established in accordance with Directive 2014/49/EU and that transferable securities or admitted instruments for crowdfunding purposes acquired through the CSP’s crowdfunding platform are not covered by the investor compensation scheme established in accordance with Directive 97/9/EC. | **R, Art.19, para 2** |  |
| **37.3** | Clients shall be informed about the reflection period for non-sophisticated investors referred to in Article 22 of Regulation (EU) 2020/1503. Whenever a crowdfunding offer is made, the CSP shall provide that information in a prominent place of the medium, including on every mobile application and webpage where such an offer is made. | **R, Art.19, para 3** |  |
| **37.4** | All information to be provided in accordance with paragraph 37.1 shall be communicated to clients whenever appropriate, at least prior to entering into a crowdfunding transaction. | **R, Art.19, para 4** |  |
| **37.5** | If the CSP intends to apply credit scores to crowdfunding projects or suggest the pricing of crowdfunding offers on its crowdfunding platform, it shall make available a description of the method used to calculate such credit scores or prices. If the calculation is based on accounts that are not audited, that shall be clearly disclosed in the description of the method. | **R, Art.19, para 6** |  |
| **37.6** | The information referred to in paragraphs 37.1, 37.2 and 37.5 shall be available to all clients on a clearly identified and easily accessible section of the website of the crowdfunding platform and in a non-discriminatory manner. | **R, Art.19, para 5** |  |
| **37.7** | CSP shall ensure that the information provided to investors pursuant to Article 6(2) and (4) of Regulation (EU) 2020/1503 is accurate, reliable and kept regularly updated. | **DR2022/2118, Art.1, para 1** |  |
| **37.7.1** | For the purposes of paragraph 37.7, CSP shall ensure that:   1. the data used to conduct the assessments of creditworthiness referred to in Articles 3, 4, 5, 6 and 7 of Commission Delegated Regulation (EU) 2022/2118 are consistent, complete and appropriate; 2. the measurement techniques are appropriate to the complexity and level of the risks underlying the single crowdfunding projects and/or the portfolios, are based on reliable data, and are subject to periodic validation; and 3. (c) the procedures relating to data management are robust well documented, reliable and regularly updated. | **DR2022/2118, Art.1, para 2** |  |
| **37.8.1** | The information provided to investors on the methodology to assess credit risk as referred to in Article 6(2) of Regulation (EE) 2020/1503 shall be easily available in a dedicated section of the CSP’s website that is clearly distinguishable from marketing communications. | **DR2022/2118, Art.2, para 1** |  |
| **37.8.2** | The information provided to individual investors on their portfolio of loans as referred to in Article 6(4) of Regulation (EE) 2020/1503 shall be made available on a secure page of the CSP’s website that shall be accessible via an adequate means of personal identification. | **DR2022/2118, Art.2, para 2** |  |
| **37.8.3** | The information referred to in paragraphs 37.8.1 and 37.8.2 shall be presented in a way that is easy to read and expressed in a manner and using language that facilitates its understanding. Where ordinary words can be used, technical terms shall be avoided and, when used, they shall be explained. | **DR2022/2118, Art.2, para 3** |  |
| PART XIII | DEFAULT RATE DISCLOSURE | R, Art.20 and DR2022/2115 |  |
| **38.** | CSP which provides crowdfunding services consisting of the facilitation of granting of loans shall: | **R, Art.20, para 1** |  |
| **38.1** | disclose annually the default rates of the crowdfunding projects offered on its crowdfunding platform over at least the preceding 36 months |  |  |
| **38.2** | publish an outcome statement within four months of the end of each financial year indicating, as applicable:   1. the expected and actual default rate of all loans the CSP has facilitated, by risk category and by reference to the risk categories set out in the risk-management framework 2. a summary of the assumptions used in determining expected default rates; and 3. where the CSP offered a target rate in relation to individual portfolio management of loans, the actual return achieved |  |  |
| **38.2.1** | For the purpose of the calculation of the default rates of loans in accordance with paragraph 38.1, as well as of the expected and actual default rates of all loans by risk category in accordance with paragraph 38.2(a), the CSP shall use the methodology specified in the Commission Delegated Regulation (EU) 2022/2115. | **DR2022/2115** |  |
| **38.3** | The default rates referred to in paragraph 38.1 shall be published in a prominent place on the website of the CSP. | **R, Art.20, para 2** |  |
| PART XIV | ENTRY KNOWLEDGE TEST AND SIMULATION OF THE ABILITY TO BEAR LOSS | R, Art.21 and DR2022/2114 |  |
| **39.** | Describe the procedures adopted to carry out the assessment whether and which crowdfunding services offered are appropriate for prospective non-sophisticated investors.  When conducting the assessment, the CSP hall consider the following:   1. whether the prospective non-sophisticated investor has the necessary experience and knowledge to understand the risks involved in investing in general; 2. whether the prospective non-sophisticated investor has the necessary experience and knowledge to understand the risks involved in the types of investments offered on the crowdfunding platform.   For the purposes of point (b), CSP shall assess the prospective non-sophisticated investor’s understanding of what constitutes a crowdfunding service and the risks involved in it. | **R, Art.21, para 1 and DR2022/2114, Art.1** |  |
| **39.1** | For the purposes of the assessment CSP shall request information about the prospective non-sophisticated investor’s experience, investment objectives, financial situation and basic understanding of risks involved in investing in general and in investing in the types of investments offered on the crowdfunding platform, including information about:   1. The prospective non-sophisticated investor’s past investments in transferable securities or past acquisitions of admitted instruments for crowdfunding purposes or loans, including in early or expansion stage businesses. 2. The prospective non-sophisticated investor’s understanding of the risks involved in granting loans, investing in transferable securities or acquiring admitted instruments for crowdfunding purposes through a crowdfunding platform, and professional experience in relation to crowdfunding investments | **R, Art.21, para 2** |  |
| **39.1.1** | The information that the CSP is to request from prospective non-sophisticated investors regarding their experience and basic understanding of risks involved in investing shall include, to the extent appropriate to the nature, scale and complexity of the crowdfunding service offered and the type of investment envisaged, the following:   1. the types of investment services and financial investments with which the prospective non-sophisticated investor is familiar; 2. the nature, volume and frequency of the prospective non-sophisticated investor's past transactions in transferable securities, admitted instruments for crowdfunding purposes or loans, including in early or expansion stage businesses, and the period over which those transactions have been carried out; 3. the level of education and profession or relevant former profession of the prospective non-sophisticated investor, including any professional experience or skills acquired in relation to crowdfunding investments. | **DR2022/2114, Art.2, para 1** |  |
| **39.1.2** | The information that the CSP is to request from prospective non-sophisticated investors regarding their investment objectives shall include, where relevant in relation to the type of crowdfunding service offered, the following:   1. information on the prospective non-sophisticated investors’ expected holding period of investments; 2. the risk profile of the prospective non-sophisticated investors and their preferences regarding the sustainability of investments; 3. the aims of the prospective non-sophisticated investors’ investment. | **DR2022/2114, Art.2, para 2** |  |
| **39.1.3** | When assessing the financial situation of prospective non-sophisticated investors, the CSP shall take into consideration the results of the simulation referred to in Article 21(5) of Regulation (EU) 2020/1503. | **DR2022/2114, Art.2, para 3** |  |
| **39.1.4** | CSP shall take reasonable steps to ensure that the information collected from prospective non-sophisticated investors referred to in paragraph 39.1 is reliable and reflects accurately prospective non-sophisticated investors’ knowledge, skills, experience and financial situation, investment objectives and basic understanding of the risks involved. | **DR2022/2114, Art.3, para 1** |  |
| **39.1.5** | For the purposes of paragraph 39.1.4, CSP shall take the following steps:  (a) inform prospective non-sophisticated investors on the importance of providing accurate and up-to-date information;  (b) ensure that the means used to collect information are suitable for the aims of those prospective non-sophisticated investors and appropriately designed for use by those prospective non-sophisticated investors;  (c) ensure that questions used in are likely to be understood by prospective non-sophisticated investors and precise enough to collect information reflecting adequately and accurately the situation of prospective non-sophisticated investors. | **DR2022/2114, Art.3, para 2** |  |
| **39.2** | CSP shall for each non-sophisticated investor review the assessment every two years after the initial assessment | **R, Art.21, para 3** |  |
| **39.3** | Where prospective non-sophisticated investors do not provide the information required or where CSP considers, on the basis of the information received, that the prospective non-sophisticated investors have insufficient knowledge, skills or experience, CSP shall inform those prospective non-sophisticated investors that the services offered on their crowdfunding platforms may be inappropriate for them and issue them a risk warning.  That risk warning shall clearly state the risk of losing the entirety of the money invested. Prospective non-sophisticated investors shall expressly acknowledge that they have received and understood the warning issued by the CSP. Particularly: | **R, Art.21, para 4** |  |
| **39.3.1** | When issuing the risk warning CSP shall not encourage prospective non- sophisticated investors to proceed with the investment. | **DR2022/2114, Art.4, para 1** |  |
| **39.3.2** | The risk warning shall contain the following text:  *‘An investment in a crowdfunding project includes the risk of losing the entirety of the money invested.’* | **DR2022/2114, Art.4, para 2** |  |
| **39.3.3** | The risk warning shall be displayed to prospective non-sophisticated investors in an easily readable and prominent way on the CSP’s website. | **DR2022/2114, Art.4, para 3** |  |
| **39.3.4** | The window displaying the risk warning referred to in paragraph 39.3.1 shall be prominent and remain visible on the CSP’s website until the prospective non-sophisticated investors have acknowledged that they have received and understood that warning. | **DR2022/2114, Art.4, para 4** |  |
| **39.4** | Describe the procedures adopted by the CSP to carry out the simulation required in relation to prospective non-sophisticated investors ability to bear loss:  Specifically, the CSP shall require prospective non-sophisticated investors to simulate their ability to bear loss, calculated as 10% of their net worth, based on the following information: | **R, Art.21, para 5** |  |
| **39.4.1** | regular income and total income, and whether the income is earned on a permanent or temporary basis |  |  |
| **39.4.2** | assets, including financial investments and any cash deposits, but excluding personal and investment property and pension funds |  |  |
| **39.4.3** | financial commitments, including regular, existing or future commitments |  |  |
| **39.5** | CSP shall make available on its website an online calculation tool enabling prospective non-sophisticated investors to simulate their ability to bear losses. Particularly: | **DR2022/2114, Art.5, para 1** |  |
| **39.5.1** | The online tool shall compute the ability to bear losses of prospective non-sophisticated investors, based on the information listed in paragraph 39.4, as provided by the non-sophisticated investor. | **DR2022/2114, Art.5, para 2** |  |
| **39.5.2** | The online tool shall be easy to use and shall not require prospective non-sophisticated investors to perform any tasks other than providing the information set out in paragraph 39.4. | **DR2022/2114, Art.5, para 3** |  |
| **39.5.3** | The online tool shall display the result of the simulation in a manner which is clear and understandable for prospective non-sophisticated investors. | **DR2022/2114, Art.5, para 4** |  |
| **39.5.4** | The online tool shall be set up in a way that does not enable CSP to access or record the information inputted by prospective investors pursuant to paragraph 39.5.2 or to amend or interfere with the result of the simulation referred to in paragraph 39.5.3. However, the online tool may embed a feature enabling prospective non-sophisticated investors to transmit the result of the simulation to the CSP. | **DR2022/2114, Art.5, para 5** |  |
| **39.6** | In addition to the on-line tool referred to in paragraph 39.5, CSP may offer prospective non-sophisticated investors the possibility to simulate their ability to bear losses through a different method, provided that the CSP provides the prospective non-sophisticated investors with appropriate information about the method used to simulate the ability to bear losses. | **DR2022/2114, Art.6** |  |
| **39.7** | For the purposes of the simulation referred to in paragraph 39.4, the net worth of prospective non-sophisticated investors shall be calculated in accordance with the following formula:  Net worth = (net annual income) + (total of liquid assets) - (annual financial commitments)  whereas the net annual income, the total liquid assets and the annual financial commitments shall be calculated taking into account the provisions of Articles 8, 9, 10 and 11 of Commission Delegated Regulation (EU) 2022/2114 | **DR2022/2114, Art.7-Art.11** |  |
| **39.8** | Prospective non-sophisticated investors and non-sophisticated investors shall not be prevented from investing in crowdfunding projects. The non-sophisticated investors shall acknowledge that they have received the results of the simulation referred to in paragraph 39.4. | **R, Art.21, para 6** |  |
| **39.9** | The CSP shall request prospective non-sophisticated investors to provide it with the result of the simulation. | **DR2022/2114, Art.12** |  |
| **39.10** | CSPs shall for each non-sophisticated investor review the simulation every year after the initial simulation. | **R, Art.21, para 6** |  |
| **39.11** | Describe the procedures adopted by the CSP to ensure that before a prospective non-sophisticated investor or non-sophisticated investor accepts an individual crowdfunding offer thereby investing an amount that exceeds the higher of either EUR 1000 or 5% of that investor’s net worth, the investor: | **R, Art.21, para 7** |  |
| **39.11.1** | receives a risk warning |  |  |
| **39.11.2** | provides explicit consent to the CSP |  |  |
| **39.11.3** | proves to the CSP that the investor understands the investment and its risks |  |  |
| **39.12** | For the purposes of paragraph 39.11.3, the assessment referred to in paragraph 39.1 may be used as proof that the prospective non-sophisticated investor or non-sophisticated investor understands the investment and its risks. | **R, Art.21, para 7** |  |
| PART XV | PRE-CONTRACTUAL REFLECTION PERIOD | R, Art.22 |  |
| **40.** | The terms and conditions of the crowdfunding offer shall remain binding on the project owner from the moment when the crowdfunding offer is listed on the crowdfunding platform until the earlier of the following dates: | **R, Art.22, para 1** |  |
| **40.1** | the expiry date of the crowdfunding offer announced by the CSP at the time of listing the crowdfunding offer on its crowdfunding platform; or |  |  |
| **40.2** | the date when the target funding goal is reached or, in the case of a funding range, when the maximum target funding goal is reached |  |  |
| **41.** | The CSP shall provide for a pre-contractual reflection period, during which the prospective non-sophisticated investor may, at any time, revoke his or her offer to invest or expression of interest in the crowdfunding offer without giving a reason and without incurring a penalty | **R, Art.22, para 2** |  |
| **42.** | The reflection period referred to in paragraph 41 shall start at the moment of the offer to invest or the expression of interest by the prospective non-sophisticated investor, and shall expire after four calendar days. | **R, Art.22, para 3** |  |
| **43.** | The CSP shall keep a record of the offers to invest and the expressions of interest it receives, and of the point in time when they are received | **R, Art.22, para 4** |  |
| **44.** | The modalities to revoke an offer to invest or an expression of interest shall include at least the same modalities by which the prospective non-sophisticated investor is able to make an offer to invest or express an interest in a crowd funding offer | **R, Art.22, para 5** |  |
| **45.** | The CSP shall provide accurate, clear and timely information to the prospective non-sophisticated investor about the reflection period and the modalities to revoke an offer to invest or an expression of interest, including at least the following: | **R, Art.22, para 6** |  |
| **45.1** | immediately before the prospective non-sophisticated investor can communicate his or her offer to invest or expression of interest, the CSP is to inform the prospective non-sophisticated investor of: |  |  |
| **45.1.1** | the fact that the offer to invest or the expression of interest is subject to a reflection period |  |  |
| **45.1.2** | the duration of the reflection period |  |  |
| **45.1.3** | the modalities to revoke the offer to invest or the expression of interest |  |  |
| **45.2** | immediately after receipt of the offer to invest or of the expression of interest, the CSP, through its crowdfunding platform, is to inform the prospective non-sophisticated investor that the reflection period has started |  |  |
| PART XVI | KEY INVESTMENT INFORMATION SHEET | R, Art.23 and DR2022/2119 |  |
| **46.** | **CSP shall provide prospective investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer.** | **R, Art.23, para 2** |  |
| **46.1** | The key investment information sheet shall be drafted in at least one of the official languages of Cyprus or in another language accepted by CySEC. | **R, Art.23, para 2** |  |
| **46.2** | Where the CSP promotes a crowdfunding offer through marketing communication in another Member State, the key investment information sheet shall be made available in at least one of the official languages of that Member State or in a language accepted by the competent authorities of that Member State. | **R, Art.23, para 3** |  |
| **46.3** | The CSP shall not be prevented from arranging for a translation of the key investment information sheet into any language or languages other than those referred to in paragraph 46.1 or 46.2. Those translations shall accurately reflect the content of the original key investment information sheet. | **R, Art.23, para 4** |  |
| **47.1** | The key investment information sheet shall contain all of the following information: | **R, Art.23, para 6** |  |
| **47.1.1** | the information set out in Annex I of Regulation (EU) 2020/1503 |  |  |
| **47.1.2** | the following disclaimer, appearing directly underneath the title of the key investment information sheet:  ‘*This crowdfunding offer has been neither verified nor approved by competent authorities or the European Securities and Markets Authority (ESMA).*  *The appropriateness of your experience and knowledge have not necessarily been assessed before you were granted access to this investment. By making this investment, you assume full risk of taking this investment, including the risk of partial or entire loss of the money invested*.’ |  |  |
| **47.1.3** | the following risk warning:  ‘*Investment in this crowdfunding project entails risks, including the risk of partial or entire loss of the money invested. Your investment is not covered by the deposit guarantee schemes established in accordance with Directive 2014/49/EU of the European Parliament and of the Council ([[6]](#footnote-6)). Nor is your investment covered by the investor compensation schemes established in accordance with Directive 97/9/EC of the European Parliament and of the Council ([[7]](#footnote-7)). You may not receive any return on your investment. This is not a savings product and we advise you not to invest more than 10% of your net worth in crowdfunding projects. You may not be able to sell the investment instruments when you wish. If you are able to sell them, you may nonetheless incur losses*.’ |  |  |
| **47.2** | The key investment information sheet shall be fair, clear and not misleading and shall not contain any footnotes, other than those with references, including quotations where appropriate, to the applicable law. It shall be presented on a stand-alone, durable medium that is clearly distinguishable from marketing communications and consist of a maximum of six sides of A4-sized paper format if printed. In the case of admitted instruments for crowdfunding purposes, where the information required under Part F of Annex I of Regulation (EU) 2020/1503, exceeds one side of A4-sized paper format if printed, the remainder shall be produced in an annex attached to the key investment information sheet. | **R, Art.23, para 7** |  |
| **47.2.1** | When providing the information in the key investment information sheet referred to in paragraph 47.1, CSP shall use the model laid down in the Annex to the Commission Delegated Regulation (EU)2022/2119. | **DR2022/2119, Art.1, para 1** |  |
| **47.2.2** | The information referred to in paragraph 47.2.1 shall be made available as soon as the relevant crowdfunding offer is published by the CSP. | **DR2022/2119, Art.1, para 2** |  |
| **47.2.3** | The information referred to in paragraph 47.2.1 shall be presented in a way that is easy to read and shall be expressed in a way that facilitates the understanding of the information, including by prospective non-sophisticated investors, and taking into consideration the possible comprehension difficulties arising from the nature, scale and complexity of the crowdfunding offer. | **DR2022/2119, Art.2, para 1** |  |
| **47.2.4** | The language used in the key investment information sheet shall be clear and succinct and technical terms shall be avoided where everyday words can be used instead. | **DR2022/2119, Art.2, para 2** |  |
| **47.2.5** | The key investment information sheet shall include a standardised, permanent and unique identifier of the relevant crowdfunding offer. | **DR2022/2119, Art.3, para 1** |  |
| **47.2.6** | The identifier referred to in paragraph 47.2.5 shall be the result of the concatenation of the following elements in the following order:   1. the ISO 17442 legal entity identifier (LEI) code of the CSP;      1. a code composed of eight numerical characters, which shall be generated internally by the CSP and which shall be unique to each crowdfunding offer published by the CSP. | **DR2022/2119, Art.3, para 2** |  |
| **47.2.7** | The identifier formed in accordance with paragraph 47.2.6 shall not be altered upon the modification of the key investment information sheet resulting from any of the following:   1. the translation of the key investment information sheet into different languages pursuant to Article 23(4) and (13) of Regulation (EU) 2020/1503; 2. updates to the key investment information sheet pursuant to Article 23(8) and (12) of Regulation (EU) 2020/1503; 3. other non-material alteration of the information included in the key investment information sheet. | **DR2022/2119, Art.3, para 3** |  |
| **47.2.8** | Where the key investment information sheet model enables a choice of terms or expressions, such choice shall be made as follows:   1. the expressions ‘target capital’ or ‘capital raising’ shall be used for crowdfunding offers relating to equity transferable securities or admitted instruments for crowdfunding purposes; 2. the expressions ‘target funds’ or ‘funds borrowing’ shall be used for crowdfunding offers relating to loans, non-equity transferable securities or hybrid instruments; 3. the terms ‘transferable securities’ or ‘admitted instruments for crowdfunding purposes’ shall be used in accordance with the type of instruments offered. | **DR2022/2119, Art.4** |  |
| **47.2.9** | The key investment information sheet may contain hyperlinks as set out in the model laid down in the Annex. | **DR2022/2119, Art.5, para 1** |  |
| **47.2.10** | The hyperlinks shall be complementary to the information given and shall not replace that information, except as otherwise provided in the model. | **DR2022/2119, Art.5, para 2** |  |
| **47.2.11** | The hyperlinks shall be consistent with the information provided elsewhere in the key investment information sheet and the external resources referenced in the hyperlinks shall be freely and easily accessible. | **DR2022/2119, Art.5, para 3** |  |
| **47.2.12** | The types of main risks which are associated with a crowdfunding offer shall be disclosed in the key investment information sheet relating to that offer in accordance with the instructions set out in Part C of the Annex. Where relevant, other risks shall also be disclosed. | **DR2022/2119, Art.6, para 1** |  |
| **47.2.13** | The description of the risks associated with a crowdfunding offer shall be of relevance to that specific offer and shall be prepared solely for the benefit of prospective investors and shall not give general statements on investment risks or limit the liability of the project owner or any persons acting on their behalf. | **DR2022/2119, Art.6, para 2** |  |
| **47.2.14** | The financial statements and information referred to in the key investment information sheet model laid down in the Annex shall be presented in accordance with International Financial Reporting Standard (IFRS) or local Generally Accepted Accounting Principles (GAAP), as applicable. | **DR2022/2119, Art.7** |  |
| **47.3** | The CSP shall request the project owner to notify it of any change of information in order to keep the key investment information sheet updated at all times and for the duration of the crowdfunding offer. The CSP shall immediately inform investors who have made an offer to invest or expressed an interest in the crowdfunding offer about any material change to the information in the key investment information sheet that was notified to it. | **R, Art.23, para 8** |  |
| **47.4** | Those responsible for the key investment information sheet shall be clearly identified in the key investment information sheet by, in the case of natural persons, their names and functions or, in the case of legal persons, their names and registered offices, as well as declarations by them that, to the best of their knowledge, the information contained in the key investment information sheet is in accordance with the facts and that the key investment information sheet makes no omission likely to affect its import. | **R, Art.23, para 9** |  |
| **47.5** | CSP shall have in place and apply adequate procedures to verify the completeness, correctness and clarity of the information contained in the key investment information sheet. | **R, Art.23, para 11** |  |
| **47.6** | When the CSP identifies an omission, mistake or inaccuracy in the key investment information sheet that could have a material impact on the expected return of the investment, it shall signal such an omission, mistake or inaccuracy promptly to the project owner, who shall promptly complete or correct that information.  Where such completion or correction is not made promptly, the CSP shall suspend the crowdfunding offer until the key investment information sheet has been completed or corrected, but for a period of no longer than 30 calendar days.  The CSP shall immediately inform investors who have made an offer to invest or expressed an interest in the crowdfunding offer about such identified irregularities, the steps taken and further to be taken by the CSP and the option to revoke their offer to invest or their expression of interest in the crowdfunding offer.  If, after 30 calendar days, the key investment information sheet has not been completed or corrected to rectify all identified irregularities, the crowdfunding offer shall be cancelled. | **R, Art.23, para 12** |  |
| **47.7** | A prospective investor may request the CSP to arrange for a translation of the key investment information sheet into a language of the investor’s choice. The translation shall faithfully and accurately reflect the content of the original key investment information sheet.  Where the CSP does not provide the requested translation of the key investment information sheet, the CSP shall clearly advise the prospective investor to refrain from making the investment. | **R, Art.23, para 13** |  |
| **47.8** | Where prospective investors are provided with a key investment information sheet drawn up in accordance with Article 23 of Regulation (EU) 2020/1503, the CSP and the project owners shall be considered to have satisfied the obligation to draw up a key information document in accordance with Regulation (EU) No 1286/2014 of the European Parliament and of the Council[[8]](#footnote-8). The first subparagraph shall apply mutatis mutandis to natural or legal persons advising on, or marketing, a crowdfunding offer. | **R, Art.23, para 15** |  |
| PART XVII | KEY INVESTMENT INFORMATION SHEET AT PLATFORM LEVEL | R, Art.24 |  |
| **48.1** | By way of derogation from the first sentence of Article 23(2) and from point (a) of Article 23(6) of Regulation (EU) 2020/1503, CSP providing individual portfolio management of loans shall draw up, and make available to prospective investors, a key investment information sheet at platform level containing all of the following information: | **R, Art.24, para 1** |  |
| **48.1.1** | the information provided in Parts H and I of Annex I of Regulation (EU) 2020/1503 |  |  |
| **48.1.2** | information about the natural or legal persons responsible for the information given in the key investment information sheet; in the case of natural persons, including members of the CSP’s administrative, management or supervisory bodies, the name and function of the natural person; in the case of legal persons, the name and the registered office |  |  |
| **48.1.3** | the following responsibility statement: ‘*The crowdfunding service provider declares that, to the best of its knowledge, no information has been omitted or is materially misleading or inaccurate. The crowdfunding service provider is responsible for the preparation of this key investment information sheet.*’ |  |  |
| **49.1.1** | The CSP shall keep the key investment information sheet at platform level updated at all times and for the duration of the crowdfunding offer. The CSP shall immediately inform the investors who have made an offer to invest or expressed an interest in the crowdfunding offer about any material change to the information in the key investment information sheet. | **R, Art.24, para 2** |  |
| **49.1.2** | The key investment information sheet at platform level shall be fair, clear and not misleading and shall not contain any footnotes, other than those with references, including quotations where appropriate, to the applicable law. It shall be presented on a stand-alone, durable medium that is clearly distinguishable from marketing communications and consist of a maximum of six sides of A4-sized paper format if printed. | **R, Art.24, para 3** |  |
| **49.1.3** | Those responsible for the key investment information sheet shall be clearly identified in the key investment information sheet at platform level by, in the case of natural persons, their names and functions or, in the case of legal persons, their names and registered offices, as well as declarations by them that, to the best of their knowledge, the information contained in the key investment information sheet is in accordance with the facts and that the key investment information sheet makes no omission likely to affect its import. | **R, Art.24, para 4** |  |
| **49.1.4** | CSP shall have in place and apply adequate procedures to verify the completeness, correctness and clarity of the information contained in the key investment information sheet at platform level. | **R, Art.24, para 6** |  |
| **49.1.5** | When the CSP identifies an omission, mistake or inaccuracy in the key investment information sheet at platform level that could have a material impact on the expected return of the individual portfolio management of loans, it shall itself rectify the omission, mistake or inaccuracy in the key investment information sheet. | **R, Art.24, para 7** |  |
| **49.1.6** | Where prospective investors are provided with a key investment information sheet at platform level drawn up in accordance with Article 24 of Regulation (EU) 2020/1503, the CSP shall be considered to have satisfied the obligation to draw up a key information document in accordance with Regulation (EU) No 1286/2014.  The first subparagraph shall apply mutatis mutandis to natural or legal persons advising on, or marketing, a crowdfunding offer. | **R, Art.24, para 8** |  |
| PART XVIII | BUSINESS CONTINUITY PLAN | R, Art.12(2)(j) and DR2022/2116 |  |
| **50.** | CSP shall develop a detailed business continuity plan addressing the risks associated with its failure, as per the measures and procedures specified by the Commission Delegated Regulation (EU) 2022/2116. | **DR2022/2116, Art. 2** |  |
| **50.1** | Particularly, the business continuity plan shall include: | **DR2022/2116, Art. 2, para 2** |  |
| **50.1.1** | measures and procedures aiming at ensuring the continuity of the provision of critical services related to existing investments; | **DR2022/2116, Art. 2, para 2(α)** |  |
| **50.1.2** | measures and procedures aiming at ensuring the sound administration of agreements between the CSP and its clients and the sound administration of critical business data. | **DR2022/2116, Art. 2, para 2(β)** |  |
| **51.** | The business continuity plan shall ensure that critical services, including those outsourced to third parties, continue to be performed despite the failure of the CSP or the third party to which critical services have been outsourced | **DR2022/2116, Art. 3, para 1** |  |
| **52.** | The relevant measures shall be adapted to the business model of the CSP and shall include arrangements ensuring the continuity of critical services through the outsourcing of some or all of such critical services to a third-party entity | **DR2022/2116, Art. 3, para 2** |  |
| **53.** | The business continuity plan shall include provisions for: | **DR2022/2116, Art. 3, para 3** |  |
| **53.1** | client notification about the occurrence of an event of failure | **DR2022/2116, Art. 3, para 3(a)** |  |
| **53.2** | clients’ access to information relating to their investments | **DR2022/2116, Art. 3, para 3(b)** |  |
| **53.3** | where applicable, the continued servicing of outstanding loans | **DR2022/2116, Art. 3, para 3(c)** |  |
| **53.4** | where applicable, the continuation of payment services as referred to in Article 10 of Regulation (EU) 2020/1503 | **DR2022/2116, Art. 3, para 3(d)** |  |
| **53.5** | where applicable, the handover of asset safekeeping arrangements as referred to in Article 10 of Regulation (EU) 2020/1503. | **DR2022/2116, Art. 3, para 3(e)** |  |
| **54.** | The business continuity plan shall, taking into account the nature, scale and complexity of the CSP as well as its business model, set out detailed measures to be taken to ensure ,the sound administration of agreements between the CSP and its clients | **DR2022/2116, Art. 4, para 1** |  |
| **55.** | The steps referred to in paragraph 54 shall be applied to: | **DR2022/2116, Art. 4, para 2** |  |
| **55.1** | agreements between the CSP and its clients, including information that is of critical importance for the sound administration of agreements | **DR2022/2116, Art. 4, para 2(a)** |  |
| **55.2** | results from the entry knowledge test referred to in Article 21 of Regulation (EU) 2020/1503 and | **DR2022/2116, Art. 4, para 2(b)** |  |
| **55.3** | other critical business data. | **DR2022/2116, Art. 4, para 2(c)** |  |
| **56.** | The steps referred in paragraph 54 shall consist in the following: | **DR2022/2116, Art. 4, para 3** |  |
| **56.1** | the storage in a safe place of agreements referred to in point 55.1 above, when the original is only available in paper form, and |  |  |
| **56.2** | relevant back-up of the documents and information referred to in paragraph 55 |  |  |
| **57.** | Information and agreements enabling to trace payments made by investors and project owners shall be considered as critical business data for the purposes of paragraph 55.3. | **DR2022/2116, Art. 4, para 4** |  |
| **58.** | The procedures referred to in paragraph 50.1 shall be adapted to the business model of the CSP and shall include: | **DR2022/2116, Art. 5** |  |
| **58.1** | a compilation of a list of contact details of the persons or department in charge in case of failure of the CSP | **DR2022/2116, Art. 5 para (a)** |  |
| **58.2** | the identification of the three most likely scenarios of failure and the description of measures to be taken to mitigate their impact on the continuity of critical services | **DR2022/2116, Art. 5 para (b)** |  |
| **58.3** | provisions regarding access by staff of the CSP to the workspace and company network | **DR2022/2116, Art. 5 para (c)** |  |
| **58.4** | provisions regarding access to client information and, where relevant, client assets | **DR2022/2116, Art. 5 para (d)** |  |
| **58.5** | an identification of operational and financial risks as well as measures to reduce their occurrence | **DR2022/2116, Art. 5 para (e)** |  |
| **58.6** | an identification of critical business systems and contingency measures to ensure their continuity | **DR2022/2116, Art. 5 para (f)** |  |
| **58.7** | an identification of critical business relationships, including outsourced functions | **DR2022/2116, Art. 5 para (g)** |  |
| **58.8** | procedures to ensure the continuity of communication between the CSP, its clients, business partners, employees and competent authorities. | **DR2022/2116, Art. 5 para (h)** |  |
| PART XIX | RECORDS | R, Art. 26 and Art. 6, para 3 |  |
| **59.** | **Provide a description of the procedures implemented by the CSP to ensure that:** |  |  |
| **59.1** | records related to its services and transactions are kept on a durable medium for a period of at least five years | **R, Art. 26, para (a)** |  |
| **59.2** | clients have immediate access to records of the services provided to them at all times | **R, Art. 26, para (b)** |  |
| **59.3** | all agreements between the CSP and its clients are maintained for a period of at least five years | **R, Art. 26, para (c)** |  |
| **60.** | Where the CSP offers individual portfolio management of loans, it shall keep records of the mandate given and of every loan in an individual portfolio. The CSP shall keep records of the mandate and of every loan for at least three years after its maturity date on a durable medium. | **R, Art. 6, para 3** |  |
| PART XX | REPORTING | R, Art. 16 and IR2022/2120, Art. 1 |  |
| **61.** | The CSP shall annually and on a confidential basis provide a list of projects funded through its crowdfunding platform to the Commission, specifying for each project:   1. the project owner and the amount raised; 2. the instrument issued, as defined in points (b), (m) and (n) of Article 2(1) of Regulation (EU) 2020/1503; 3. aggregated information about the investors and invested amount broken down by fiscal residency of the investors, distinguishing between sophisticated and non-sophisticated investors. | **R, Art. 16, para 1** |  |
| **62.** | Information reported pursuant to paragraph 61 shall include the complete and accurate details referred to in Table 2 in the Annex to the Commission Delegated Regulation (EU) 2022/2120, in accordance with the standards and formats specified in that Table, using an electronic form in a common CSV template or in another alternative format accepted by the Commission. | **IR2022/2120, Art. 1, para 1** |  |
| **63.** | The procedures for reporting information shall include mechanisms to ensure the confidentiality of the information reported. | **IR2022/2120, Art. 1, para 2** |  |
| **64.** | The information referred to in paragraph 62 shall be reported for each calendar year by the end of February of the following calendar year. | **IR2022/2120, Art. 1, para 3** |  |
| **65.** | The information referred to in paragraph 62 shall include the following details: | **IR2022/2120, Art. 1, para 4** |  |
| **65.1** | for the CSP, the ISO 17442 legal entity identifier (LEI) code | **IR2022/2120, Art. 1, para 4(a)** |  |
| **65.2** | for the project owner:   1. the LEI code, if the project owner is a legal person;   (ii) the identifier set out in Article 6 of Delegated Regulation (EU) 2017/590, if the project owner is a natural person | **IR2022/2120, Art. 1, para 4(b)** |  |
| **65.3** | for each individual project, the identifier of the crowdfunding offer determined in accordance with Article 3 of the Commission Delegated Regulation (EU) 2022/2119. | **IR2022/2120, Art. 1, para 4(c)** |  |

1. **The Regulation (EU) 2020/1503** [↑](#footnote-ref-1)
2. **The Commission Delegated Regulations (EU) supplementing Regulation (EU) 2020/1503** [↑](#footnote-ref-2)
3. **The Commission Implementing Regulations (EU) for the application of Regulation (EU) 2020/1503** [↑](#footnote-ref-3)
4. As per Article 2 of Regulation (EU) 2020/1503: ‘Loan’ means an agreement whereby an investor makes available to a project owner an agreed amount of money for an agreed period of time and whereby the project owner assumes an unconditional obligation to repay that amount to the investor, together with the accrued interest, in accordance with the instalment payment schedule. [↑](#footnote-ref-4)
5. As per Article 2 of Regulation (EU) 2020/1503: ‘individual portfolio management of loans’ means the allocation by the crowdfunding service provider of a pre-determined amount of funds of an investor, which is an original lender, to one or multiple crowdfunding projects on its crowdfunding platform in accordance with an individual mandate given by the investor on a discretionary investor-by-investor basis. [↑](#footnote-ref-5)
6. Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173, 12.6.2014, p. 149). [↑](#footnote-ref-6)
7. Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes (OJ L 84, 26.3.1997, p. 22).’ [↑](#footnote-ref-7)
8. Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, p. 1) [↑](#footnote-ref-8)