
CONSULTATION ON DRAFT RTS ON INDIVIDUAL PORTFOLIO MANAGEMENT OF LOANS OFFERED BY CROWDFUNDING SERVICE PROVIDERS - FPF'S RESPONSE FORM

Financement Participatif France (FPF) is the representative professional association for crowdfunding sector, in France. It gathered 130 members, including 70 platforms from all crowdfunding types (donation and reward crowdfunding, crowdlending and equity crowdfunding). FPF's response on EBA's consultation was built collectively by the members of the association, following in-depth work on the proposals made by EBA.

Q1 Do you have any comment on the elements to be disclosed as part of the description of the credit risk assessment process?

The French crowdfunding Association has no specific comment to make on the elements to be disclosed as part of the description of the credit risk assessment process. The information to be disclosed seems to us to be in line with the imperatives of understanding the risk required by an individual portfolio management.

Q2 Do you agree with the information to be provided for each portfolio, in accordance with Art. 6(7)(b) and 6(4)?

Members of Financement Participatif France approve the information to be provided for each loan portfolio.

We are however wondering about the possibility of offering investors "turnkey" loan portfolios, within the framework of individual portfolio management. Indeed, could the platforms offer packages of projects corresponding to the degrees of risk and the criteria expected by potential investors as soon as the information is appropriately disclosed?

Q3 Based on your experience with investor information documents required under your national regulatory framework on crowdfunding: Have you seen good practices of information disclosure for loans included in individual portfolio management?

Currently, the French regulation on crowdfunding does not allow the implementation of individual loan portfolio management.

However, the ACPR requires French platforms to publish default rate indicators. Moreover, since 2017, FPF members have implemented a grid of performance indicators and default rates. While the publication of this grid is an obligation for FPF's members, even non-member platforms publish it, and it seems that our indicators meet interest out of France. These FPF indicators are complementary to the legal indicators put in place by the ACPR. They allow great transparency in the activity of the platform and are a valuable tool for investors who can analyze the historical performance of projects and compare platforms against each other. Because not all investors are ignorant, on the contrary, many are experienced investors, in a process of diversifying their savings on platforms. And for the less experienced, this information is a source of financial education and skills development. [See an example here: <https://fundimmo.com/indicateurs-de-performance>].

Q4 Do you agree with the scope of credit agreements relevant for the information on past defaults to be included to Investors?

The French crowdfunding Association understands and shares EBA's view as to the importance of disclosing to investors the financial history of projects owners. However, we would like to draw attention to the difficulty in obtaining this kind of information. The RTS submitted for consultation states that the platforms are required to take "reasonable measures" to ensure that the information provided by projects owners are reliable and up to date. We call on EBA to clarify what is meant by "reasonable measures"?

In addition, we are convinced that the establishment of a centralized database, as well as access to national databases, allowing the financial analysis – such as the Fiben in France – could help platforms to verify the information provided by projects owners.

Q5 Do you agree with the content of policies and procedures that crowdfunding service providers need to have in place with respect to contingency funds?

The French crowdfunding Association agrees with the content of policies and procedures that crowdfunding service providers need to have in place with respect to contingency funds.

However, some procedures and practical questions regarding the individual portfolio management remain. Indeed, if we understand the scope of the RTS proposed for consultation is limited to the disclosure requirements, Financement Participatif France wants to draw EBA's and ESMA's attention on additional questions which are essentials to the implementation of the individual portfolio management:

- Is the mandate limited in time? Does the platform have a limited time to invest the funds?
- Is the investor allowed to end the mandate whenever he wishes?
- Non-sophisticated investors must accept warnings on a case-by-case basis if they want to exceed their investment limit. How can this be compatible with the individual portfolio management?
- Could there be mandates on external bank accounts, or will the platform be required to place orders through its payment service provider? Indeed, some investors could open an account abroad and asked the platform to use this account for the portfolio management.