

European Banking Authority

Consultation on draft RTS on credit scoring and loan pricing disclosure, credit risk assessment and risk management requirements for Crowdfunding Service Providers form

Dear Ladies and Gentlemen,

We thank you for the opportunity to comment on your consultation and respond to your questions as follows:

Q1: Do you have any comments on the elements to be disclosed to investors in relation to credit scoring, as proposed in Artikcles 1-5?

We are very surprised by so many and very detailed requirements. There will be platforms for whom these will be a major hurdle. In addition, we see a lot of similarity in the requirements with the business model of banks which we find inappropriate. It cannot be ruled out that they will try to somehow move out of the scope. This would be a disservice to the good idea pursued by the ECSPR, but especially to investor protection.

In addition, we have the following comments on

Art. 2:

Models generally require sufficient numbers of projects to produce meaningful results. For a business as young as crowdfunding, this will be a major practical hurdle for many platforms. Simulations are also only useful to a limited extent. Especially since it should be noted here that there is a great potential for conflict in simulations due to the high transparency requirements.

Alternatively, it would be conceivable to use the services of third-party providers. The question here is whether the platforms are allowed to publish their methodology on the website. We have difficulty imagining this. This in particular also because of the necessary consent.

Anschrift

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Q2: Do you have any comments on the elements to be disclosed to investors as part of the loan pricing framework, as proposed in Articles 6 - 11?

Art. 9

With regard to lit. a. and b. we have difficulties in understanding. Here we see many possibilities for interpretation. However, this is probably not what EBA intends. We ask for clarification.

Q3: Do you consider that the elements for the price of the loans to be fair and appropriate as proposed in Article 11 are sufficient?

With regard to lit. b., we have difficulties in understanding. In particular, we wonder what discount factor EBA envisages here. Different interpretations are also possible in this respect.

Q4: Do you have any comments with the information and factors to be considered by crowdfunding service providers in relation to credit risk assessment as proposed in Articles 12 - 18? Are there other elements that should be taken into account?

Art. 13 sec. 2

We very much welcome the reference to ESG. However, we have considerable doubts about the admissibility of the inclusion under European law, because EBA is going beyond the mandate of the ECSPR here. Regardless of this, the content of the standard is too vague.

We are very pleased to announce that our trade body is working on an industry standard on ESG. We have also seen the gap in the ECSPR and are trying to provide our members with specific requirements for compliance with this important topic. We are very happy to talk about this work with EBA.

Art. 14 sec. 1 lit. b.

This provision is a major hurdle for established companies and is also virtually impossible for platforms to implement. In fact, there are no requirements for financial planning. We suggest deleting the second part ("*...and the expected volatility over different time horizons.*").

Art. 16 sec. 1 lit. b.

There is a liability problem behind this provision. We see the danger here, if the requirement is not changed, that platforms will opt for the unsecured business model. In this respect, too, the ECSPR would then not have been rendered a service.

Q5: Do you have any comments on the information and factors to be considered by crowdfunding service providers in relation to loan valuation as proposed in Article 20?

Art. 20 sec. 1 lit.c

In practice, this requirement can only be implemented with difficulty, because time and again it happens that the project owners do not provide support here. What should the platform do then? Assistance from the legislator would be necessary here.

Art. 20 sec. 3 lit. b. & sec. 4

We do not understand this requirement with the best will in the world.

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Q6: Do you have any comments on the elements to be included in the policies and procedures for disclosure of information to investors, as proposed in Articles 21-22?

n/a

Q7: Do you have any comments on the elements to be included in the policies and procedures related to the risk management framework and to credit risk assessment as proposed in Articles 23 - 28?

n/a

We are always happy to answer any questions you may have - especially on the development of our ESG industry standard.

Yours sincerely



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