

Online appendix to:

FSI Insights on policy implementation No 27

Regulating fintech financing: digital banks and fintech platforms

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August 2020

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The views expressed in them are solely those of the authors and do not necessarily reflect those of the BIS or the Basel-based committees.

Annex

Jurisdictions covered			Annex Table 1		
	ISO	Jurisdiction		ISO	Jurisdiction
1	AE	United Arab Emirates	16	IN	India
2	AR	Argentina	17	IT	Italy
3	AU	Australia	18	JP	Japan
4	BE	Belgium	19	KR	Korea
5	BR	Brazil	20	MX	Mexico
6	CA	Canada	21	MY	Malaysia
7	CL	Chile	22	NL	Netherlands
8	CN	China	23	PE	Peru
9	CO	Colombia	24	PH	Philippines
10	ES	Spain	25	PT	Portugal
11	EU	European Union	26	SE	Sweden
12	FI	Finland	27	SG	Singapore
13	FR	France	28	TR	Turkey
14	GB	United Kingdom	29	TW	Chinese Taipei
15	HK	Hong Kong SAR	30	US	United States

Source: FSI.

Regulatory framework for crowdfunding platforms

Annex Table 2

Country ISO code, type of regime and licensing status	Requirements		Licence (L)/ Registration (R)	
	Status: Final or draft	Date when issued		
Loan crowdfunding				
AE	Loan-based crowdfunding platform (category 1 or 2)	D	Oct 2019	L
AU	AFS licence and Australian Credit (ACL) Licence	F	Aug 2017	L
BR	Peer-to-peer loan company (SEP)	F	Apr 2018	L
CN	Online lending institution	D	Feb 2017	L + R
FI	Loan-based crowdfunding intermediary/peer-to-peer loan broker	F	Aug 2016*	R
IT	Payment institution/non-financial intermediaries	F	Nov 2016	L
Equity crowdfunding				
AR	Crowdfunding platform (PFC)	F	Dec 2017	L + R
AU	Australian Financial Services (AFS) Licence and Financial Market Licence	F	Sep 2017	L
BR	Participatory electronic investment platform	F	Jul 2017	R
CN	Equity crowdfunding platform	D	Dec 2014	R
CO	Crowdfunding company	F	Jul 2018	L + R
FI	Investment-based crowdfunding intermediary	F	Sep 2016	L
IN	Web-based platform	D	Jun 2014	R
IT	Registered portal manager	F	Jun 2013	L
JP	Financial business operator (type I or II)	F	May 2014	R
TR	Crowdfunding platform (KFP)	F	Oct 2019	R
US	Funding portal/Broker-dealer	F	Nov 2015	R
Loan and equity crowdfunding				
E	Private financing operator	F	Sep 2018	L
CA	Dealer/advisor/platforms facilitating distribution	F	Jun 2016	R
FR	Intermediary (IFP)/advisor (CIP)/services provider (PSI)	F	May/ Sep 2014	L (PSI) + R (IFP/CIP)
GB	Crowdfunding platform	F	Jun 2019	L
NL	Credit institution/investment firm/ services provider	F	Nov 2017	L + R
PE	Management company of crowdfunding platforms	F	Jan 2020	L + R
PH	Crowdfunding intermediary	F	Jul 2019	R
PT	Crowdfunding platforms (PFC) and funding portal	F	Aug 2015	R
SE	Capital intermediary	D	Feb 2018	R
BE	Alternative financing service, credit institution, investment firm	F	Dec 2016	L
CL	Crowdfunding platform	D	Feb 2019	L
ES	Crowdfunding platform	F	Apr 2015	L
EU	European crowdfunding service provider	D	Mar 2018	L
MX	Collective financing institutions (IFC)	F	Mar 2018	L + R
SG	Capital markets service licence	F	Jun 2016	L

F= Final requirements published. D= Draft regulation/proposal. (*) For loan-based crowdfunding intermediaries.

Source: National regulations.

Requirements on legal form for crowdfunding platforms

Annex Table 3

Country ISO code, type of regime and regulatory status		Specified	Any form	Not explicit
Loan crowdfunding				
AE	Loan-based crowdfunding platform (category 1 or 2)	-	✓	-
AU	AFS licence/credit Institution	-	✓	-
BR	Peer-to-peer loan company (SEP)	✓	-	-
CN	Online lending institution	-	✓	-
FI	Loan-based crowdfunding intermediary/peer-to-peer loan broker	-	✓	-
IT	Payment institution/non-financial intermediaries	✓	-	-
Equity crowdfunding				
AR	Crowdfunding platform (PFC)	✓	-	-
AU	AFS authorised to provide crowdfunding	-	✓	-
BR	Participatory electronic investment platform	-	✓	-
CN	Equity crowdfunding platform	✓	✓	-
CO	Crowdfunding activity	✓	-	-
FI	Investment-based crowdfunding intermediary	-	✓	-
IN	Web-based platform	-	-	✓
IT	Registered portal manager	✓	-	-
JP	Financial business operator (type I or II)	✓	-	-
TR	Crowdfunding platform (KFP)	✓	-	-
US	Funding portal/broker dealer	✓	✓	-
Loan and equity crowdfunding				
AE	Private financing operator	-	✓	-
CA	Dealer/advisor/platforms facilitating distribution	-	✓	-
FR	Intermediary (IFP)/advisor (CIP) /services provider (PSI)	-	✓	-
GB	Crowdfunding platform	-	✓	-
NL	Credit institution/investment firm/services provider	-	-	✓
PE	Management company of crowdfunding platforms	✓	-	-
PH	Crowdfunding intermediary	✓	-	-
PT	Crowdfunding platforms (PFC) and funding portal	✓	✓	-
SE	Capital intermediary	✓	-	-
BE	Alternative financing service - credit/investment firm	✓	-	-
CL	Crowdfunding platform	✓	-	-
ES	Crowdfunding platform	✓	-	-
EU	European crowdfunding service provider	-	-	✓
MX	Collective financing institutions (IFC)	✓	✓	-
SG	Capital markets service licence	✓	-	-

Source: National regulations.

Financial instruments allowed to be intermediated by crowdfunding platforms

 Annex
Table 4

	Debt securities	Equity securities	Loans	Other	Comments
Loan crowdfunding					
AE	-	-	✓	-	-
AU	✓	✓	✓	✓	Managed investment schemes, derivatives.
BR	-	-	✓	✓	Credit notes representing the outstanding amount.
CN	-	-	✓	-	-
FI	-	-	✓	-	
IT	-	-	✓	-	-
Equity crowdfunding					
AR	-	✓	-	✓	Equity or entrepreneurship stocks, convertible notes and trust certificates.
AU	-	✓	-	-	-
BR	✓	✓	-	✓	Investment vehicles.
CN	-	✓	-	-	-
CO	✓	✓	-	-	-
FI	✓	✓	✓	-	
IN	✓	✓	-	-	-
IT	✓	✓	-	✓	Collective investment schemes in SMEs (UCITS units)
JP	✓	✓	-	✓	Instruments to be traded over-the-counter.
TR	-	✓	-	-	-
US	✓	✓	-	✓	There are no limits on the types of securities to be offered and sold.
Loan and equity crowdfunding					
AE	✓	✓	✓	✓	Investment vehicles.
CA	✓	✓	✓	✓	Must be a common share, non-convertible preference share, a security convertible into a common share or non-convertible preference share, a non-convertible debt security linked to a floating or fixed interest rate, or a unit of a limited partnership.
FR	✓	✓	✓	-	-
GB	✓	✓	✓	✓	Transferable, non-transferable, and non-readily realisable securities.
NL	✓	✓	✓	✓	Investment objects or repayable funds.
PE	✓	✓	✓	✓	Any other instrument authorised by the SMV.
PH	✓	✓	✓	✓	Indebtedness notes, asset-backed securities, investment contracts, fractional undivided interests in oil, gas or other mineral rights; certificates of assignments, trust certificates, other instruments approved by the SEC.
PT	-	✓	✓	✓	Rewards and donations are also included in the regulation.
SE*	✓	✓	✓	✓	Rewards and donations are also included in the regulation.
BE	✓	✓	✓	✓	Units issued by start-up funds.
CL*	✓	✓	✓	✓	Crowdfunding platforms, in principle, would be able to offer loans, debt instruments and equity instruments. If the platform however provides a place where clients can transact with "financial instruments" then it would have to be regulated as an Alternative Trading System.
ES	-	✓	✓	✓	Includes participatory loans and the subscription of obligations.

EU	✓	✓	✓	✓	Any transferable securities giving rise to a cash settlement determined by reference to currencies, interest rates, yields, commodities, or other indices. Depositary receipts are also included.
MX	✓	✓	✓	✓	Royalties and expected revenues and co-ownership rights.
SG	✓	✓	✓	-	-

Source: National regulations. *Draft regulation/proposal.

Capital obligations for crowdfunding platforms

Annex Table 5

	Minimum capital (local currency)	Professional insurance policy		Combination of paid-up capital and insurance allowed	Capital obligations depend on the scope of activities	Not explicit
		Required coverage per claim	Required coverage per year			
Loan crowdfunding						
AE	AED 300,000 - 1 m	-	-	-	✓	-
AU	AUD 150,000	-	-	-	-	-
BR	BRL 1 m	-	-	-	-	-
CN	-	-	-	-	-	✓
FI	EUR 50,000 ⁺	EUR 1 m ⁺	EUR 1,5 m ⁺	-	-	-
IT	EUR 20,000 – 350,000	-	-	-	✓	-
Equity crowdfunding						
AR	ARS 250,000	-	-	-	-	-
AU	AUD 150,000	-	-	-	-	-
BR	BRL 100,000	-	-	-	-	-
CN	-	-	-	-	✓	-
CO	-	-	-	-	-	- %
FI	EUR 50,000	EUR 1 m	EUR 1,5 m	✓	-	-
IN	-	-	-	-	-	✓
IT	-	EUR 20,000	EUR 1 m	-	-	-
JP	JPY 5 to 10 m			-	✓	-
TR	TRY 1 m	-	-	-	-	-
US	USD 5,000 – 250,000	-	-	-	✓	✓ [#]
Loan and equity crowdfunding						
AE	AED 10,000 – 150,000	-	-	-	✓	-
CA	-	-	-	-	-	✓
FR	-	ECF: EUR 400,000 LCF: EUR 250,000	ECF: EUR 800,000 LCF: EUR 500,000	-	✓*	-
GB	GBP 50,000 – 730,000	-	-	-	✓**	-
NL	-	-	-	-	✓	-
PE	-	-	-	-	✓	-
PH	PHP 5 m	-	-	-	-	-
PT	EUR 50,000	EUR 1 m	EUR 1,5 m	✓	-	-
SE	-	-	-	-	-	✓
BE	-	EUR 750,000	EUR 1,25 m	-	-	-
CL	-	-	-	-	-	✓*****
ES	EUR 60,000	EUR 300,000	EUR 400,000	✓	✓***	-
EU	-	-	-	-	-	-
MX	UDI 500,000 or 700,000****	-	-	-	-	-
SG	SGD 50,000 – 500,000	-	-	-	✓	-

ECF=equity crowdfunding; LCF=loan crowdfunding.

(+) Applicable only to loan-based crowdfunding intermediary. (%) While there is no fixed capital obligation, during authorisation, institutions are required to provide information to the regulator regarding the amount of capital to be paid-up. (#) Not explicit for funding portals, for broker dealers varies accordingly with the scope of performed activities.

(*) Capital obligation depends on regulatory status (IFP/CIP/PSI). (**) For LCF, a percentage of loaned funds if above EUR 50,000. (***) If funds raised exceed EUR 2 million in 12 months, the minimum capital obligation increase from EUR 60,000 to 120,000. If funds raised exceed EUR 5 million, the minimum capital obligation increases further in proportion to the funds raised (up to EUR 2 million). (****) Depending on the scope of activities authorised. If a fintech institution is going public, minimum capital obligations are UDI 700,000 regardless of the scope of activities authorised. (*****) Proposed capital obligations vary depending on the scope of activities performed.

Source: National regulations.

Contingency, IT and cyber security arrangements

Annex Table 6

ISO	Contingency arrangements	IT resilience and cyber security arrangements	Obligation to report cyber incidents
Loan crowdfunding			
AE	✓	✓	-
AU	-	-	-
BR	-	✓	-
CN	-	-	-
FI	-	-	-
IT	✓	✓	✓
Equity crowdfunding			
AR	✓	✓	✓
AU	✓	✓	-
BR	-	-	✓
CN	-	-	-
CO	✓	✓	-
FI	✓	✓	✓
IN	-	-	-
IT	-	✓	✓
JP	✓	✓	✓
TR	-	✓	-
US	✓	✓	-
Loan and equity crowdfunding			
AE	✓	✓	-
CA	-	✓	✓
FR	-	-	-
GB	✓	-	✓
NL	-	-	-
PE	✓	✓	-
PH	✓	-	-
PT	✓	✓	-
SE*	-	-	-
BE	✓	✓	-
CL*	_**	_**	_**
ES	✓	-	-
EU	-	-	-
MX	✓	✓	✓
SG	✓	✓	✓

(*) Draft regulation/proposal; (**) Proposed requirements depend on the scope of activities performed.

"-" means respective requirement is not explicitly mentioned in regulation.

Recovery point objective (RPO) describes the interval of time that might pass during a disruption before the quantity of data lost during that period exceeds the Business Continuity Plan's maximum allowable threshold or "tolerance."

Source: National regulations.

Investor protection tools

Annex Table 7

	Ultimate responsibility due diligence			Selection methods		Risks and warnings
	Platform	Project	Outsourced	Obligation to disclose	Screening body	
Loan crowdfunding						
AE	✓	-	-	✓	-	✓
AU	✓	-	-	✓	-	✓
BR	✓	-	-	✓	-	✓
CN	✓	-	-	-	-	✓
FI	✓	-	-	-	-	✓
IT	-	-	-	-	-	✓
Equity crowdfunding						
AR	✓	-	-	✓	-	✓
AU	✓	-	-	✓	-	✓
BR	✓	✓	-	-	-	✓
CN	✓	-	-	-	-	✓
CO	✓	✓	-	✓	-	✓
FI	✓	-	-	-	-	✓
IN	✓	-	-	✓	✓	✓
IT	✓	-	✓	✓	-	✓
JP	✓	-	-	-	-	✓
TR	✓	-	-	✓	✓	✓
US	✓	✓	-	✓	-	✓
Loan and equity crowdfunding						
AE	✓	-	-	✓	-	✓
CA	-	-	-	-	-	✓
FR	✓	-	-	✓	-	✓
GB	✓	-	-	✓	-	✓
NL	✓	-	-	✓	-	✓
PE	✓***	✓	-	✓	-	✓
PH	✓	-	-	-	-	✓
PT	-	-	-	✓*	-	✓
SE ⁺	-	-	-	-	-	-
BE	-	✓	-	✓	-	✓
CL	-	-	-	✓	-	✓
ES	✓	-	-	✓	-	✓
EU	✓	-	-	✓	-	✓
MX	✓	✓	-	✓	-	✓
SG	✓	-	-	✓	-	✓

(*) When required by the competent authority. (**) Applicable to advisor (CIP) and services provider (PSI). (***) In case inaccuracy, falseness or omission in the disclosure of information is attributable to the platform. (+) Draft proposal/work in progress.

Source: National regulations.

Restrictions for crowdfunding platforms

Annex Table 8

ISO	Restriction on holding clients' funds	Restriction on operating secondary markets ⁺	Restriction on actively acquiring clients
Loan crowdfunding			
AE	✓	✓	-
AU	-	○	-
BR	✓	-	-
CN	✓	✓	-
IT	✓	✓	-
Equity crowdfunding			
AR	✓	-	-
AU	✓	○	✓
BR	✓	✓	✓
CN	✓	✓	✓
CO	✓	✓	-
IN	-	✓	-
IT	✓	✓	-
JP	✓	-	✓
TR	✓***	✓	-
US	✓	-	-
Loan and equity crowdfunding			
AE	○	✓	✓
CA	○	-	-
FI	✓	-	-
FR	○	✓	✓**
GB	✓	-	-
NL	○	-	✓
PE	✓	-	-
PH	✓	-	✓
PT	✓	✓	-
SE*	*	*	*
BE	✓	○	-
CL*	○	○	-
ES	○	✓	-
EU	○	-	-
MX	✓	-	✓
SG	○	○	-

– Non-explicit, ✓ explicit, ○ allowed depending on the licence status. (+) Despite this restriction to operate organised or official secondary markets, instruments facilitated by platforms might be exchanged under private contracts governed by commercial law. (*) Draft regulation/proposal. (**) Depending on the regulatory status. (***) Funds collected during a fundraising campaign by crowdfunding platforms need to be held in an account at an Escrow Agent (Takasbank). Funds raised will be transferred to the business seeking funding after the successful completion of the campaign and distribution of shares to investors. If a campaign fails, any funds raised will be returned to investors.

Source: National regulations.

Regulatory caps on investments or funds raised

Annex Table 9

On:	Investor			Issuer/Borrower	
Cap:	Per project cap	Annual cap	Relative cap	Per-project cap	Annual cap
Des:	Maximum amount an investor can provide to a single fundraiser	Maximum amount an investor can provide per year across multiple projects	Maximum amount an investor can provide depending on wealth or income	Maximum amount that can be raised by the project	Maximum amount that can be raised per year across multiple platforms
	Loan crowdfunding				
AE	✓	✓	-	-	✓
AU	-	-	-	-	-
BR	✓*	-	-	-	-
CN	-	-	-	✓	✓
IT	-	-	-	-	-
	Equity crowdfunding				
AR	✓	-	✓*	-	-
AU	✓	-	-	✓	-
BR	✓*	-	-	✓	-
CN	-	-	-	-	-
CO	-	-	✓*	✓	-
IN*	✓	-	✓*	✓	✓
IT	-	-	-	-	-
JP	✓	-	-	✓	-
TR	-	✓*	✓*	✓	✓
US	-	-	✓*	✓	-
	Loan and equity crowdfunding				
AE	✓*	✓*	-	-	-
CA	✓	-	-	-	✓
FI	-	-	-	-	-
FR	✓**	-	-	✓**	-
GB	-	-	✓*	✓	✓
NL	-	-	✓*	-	-
PE+	✓	✓	✓	✓	✓
PH	-	-	✓*	-	-
PT	✓	✓	-	-	-
SE	-	-	-	-	-
BE	-	-	-	-	-
CL*	-	-	-	-	-
ES	✓	✓	✓*	-	-
EU	-	-	-	✓	-
MX	✓	✓	✓	✓	-
SG	-	-	-	-	-

(*) Applicable to retail investors. (**) For LCF only. (+) The regulator may impose limits to both investors and/or borrowers but specific limits have not been set yet. "-" means not explicit in regulation.

Source: National regulations.
