



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Addendum to the Consumer Protection Code 2012

13 January 2022

## Consumer Protection Code 2012

Addendum to Consumer Protection Code 2012 arising from the introduction of the Crowdfunding Regulation 2020/1503/EU.

ADDENDUM TO THE CONSUMER PROTECTION CODE 2012 ARISING FROM THE APPLICATION OF REGULATION (EU) NO 2020/1503 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 7 OCTOBER 2020 ON EUROPEAN CROWDFUNDING SERVICE PROVIDERS FOR BUSINESS, AND AMENDING REGULATION (EU) 2017/1129 AND DIRECTIVE (EU) 2019/1937

## Introduction

Regulation 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (the Regulation), came into force on 10 November 2020 and applies from 10 November 2021. Certain aspects are given national effect into Irish law by the European Union (Crowdfunding) Regulations 2021 (S.I. No. 702 of 2021). Article 28 of the Regulation permits additional national marketing requirements, and these are made by way of amendments to the Consumer Protection Code 2012 (the 2012 Code).

The purpose of this Addendum is to apply a number of existing advertising requirements in the 2012 Code to crowdfunding service providers and to introduce one new provision into Chapter 9 of the 2012 Code, which will be specific to crowdfunding service providers only.

This Addendum is effective from 13 January 2022.

For the purposes of giving effect to the required protections, the following parts of the 2012 Code are now updated and amended:

- Chapter 1 - Scope
- Chapter 9 - Advertising Requirements
- Chapter 12 - Definitions

## Legal basis

Pursuant to Section 117 of the Central Bank Act 1989, the 2012 Code is hereby amended as set out below. These amendments take effect as of the publication of this amendment.

## Chapter 1 – Scope

Under the **Application** section of Chapter 1, the following bullet point is added to the list detailed below the second paragraph in this section:

- **Crowdfunding service providers**

The following new paragraph is inserted after the 6th paragraph in the **Application** section:

"Where **regulated entities** are providing **crowdfunding services** only the following sections of the Code apply:

Chapter 9, Advertising Requirements 9.1a, 9.2 to 9.11, 9.13, 9.14, 9.16 to 9.18, 9.36, 9.39, 9.41, 9.46 and 9.53"

## Chapter 9 – Advertising requirements

The following text **in bold** is inserted into the box headed "**Clarification of Scope**" in Chapter 9 as follows:

### CLARIFICATION OF SCOPE

#### Consumer Credit, Payment Services, Electronic Money and Crowdfunding

a) Where **regulated entities** are providing credit under credit agreements which fall within the scope of the European Communities (Consumer Credit Agreements) Regulations 2010 (S.I. No. 281 of 2010), the Provisions in this Chapter do not apply.

b) Where **regulated entities** are providing **payment services** and/or issuing **electronic money**, only Provisions 9.1 to 9.18, 9.30 and 9.31 apply.

c) Where **regulated entities** are providing **crowdfunding services which fall within the scope of Regulation 2020/1503/EU**, only Provisions 9.1a, 9.2 to 9.11, 9.13, 9.14, 9.16 to 9.18, 9.36, 9.39, 9.41, 9.46 and 9.53 apply".

**New Provisions 9.1a and 9.53:**

New Provisions are added in Chapter 9 of the 2012 Code and will contain the following paragraphs:

**9.1a** A **crowdfunding service provider** must include a regulatory disclosure statement in all advertisements, which meets the requirements set out in (a) or (b) below, depending on the Member State where it has been authorised:

a) "[Full legal name of the **crowdfunding service provider**, trading as (*insert all trading names used by the crowdfunding service provider*)] is regulated by the Central Bank of Ireland"; or

b) "[Full legal name of the **crowdfunding service provider**, trading as (*insert all trading names used by that crowdfunding service provider*)], is regulated by [*insert name of the competent authority from which it received its authorisation*] in [*insert name of the Member State where that competent authority resides*] under the Crowdfunding Regulation, and is subject to regulation by the Central Bank Ireland in respect of [*conduct of business rules*] relating to advertising."

**9.53** A **Crowdfunding Service Provider** must ensure that advertisements to prospective investors shall carry the following risk warning:

**WARNING "Investment in crowdfunding projects entails risks, including the risk of partial or entire loss of the money invested. Your investment is not covered by a deposit guarantee scheme or by an investor compensation scheme."**

For the purposes of Provision 9.53 only, the term "investor" should be given the meaning set out in Article 2 of Regulation 2020/1503/EU.

**Chapter 12 - Definitions**

The following definitions are added to the definitions section in Chapter 12 and will follow immediately after the definition for Credit Institutions:

**"Crowdfunding service provider"** has the meaning given to it in Article 2 of Regulation 2020/1503/EU."

**"Crowdfunding service"** has the meaning given to it in Article 2 of Regulation 2020/1503/EU."

