

CROWDFUNDING REGULATIONS FEAR

NEW government proposals on the regulation of the crowdfunding industry have met with a sceptical response.

The Financial Conduct Authority (FCA) has announced changes to rules governing peer-to-peer lending and crowdfunding, including an insistence that investors must certify that they will not invest more than 10% of their net investible assets.

Christopher Woolard, director of policy, risk and research, said: "Consumers need to be clear on what they are getting into and what the risks of crowdfunding are. Our rules provide this clarity and extra protection for consumers, balanced by a desire to ensure firms and individuals continue to have access to this innovative source of funding."

However, Barry James, founder of The Crowdfunding Centre, said: "On a day like today, one has to wonder whether our FCA is the worst regulator in the western world. The words that spring first to mind are inflexible, stubborn and unimaginative. Maybe it is time for a change.

"Over the centuries, Britain has led the world with inventions and innovations – and then thrown away that lead. It is tragic that, just as we seem to be on the

brink of changing that habit, the FCA seem determined to repeat that history for us by taking the crowd out of crowdfunding at the time when France has opened it up to the crowd, following New Zealand and, increasingly, the USA."

Richard Brockbank, director of InvestingZone, added: "The FCA's latest policy statement on crowdfunding reflects how it is imperative for this fast-growing sector to be operated in a rigorous and professional way. However, strict requirements which govern how investors use platforms risk removing the crowd from crowdfunding. For smaller investors, taking professional advice before investing through crowdfunding platforms is not cost-effective."

But the UK Crowdfunding Association added, in a statement: "The lighter touch regime for loan-based crowdfunding is welcome, so that platforms that match lenders to businesses that can offer lower-risk returns are accessible to ordinary investors. However we maintain that all debt-based crowdfunding should be treated equally. The FCA has maintained an open door policy throughout this consultation and we would hope that they continue to consult with the industry."

THE ROLE OF ENFORCEMENT TO BE DEBATED



SENIOR figures from commercial credit and lending, invoice finance, the utilities, and public sector are getting ready to attend a major new round-table debate on the future of enforcement of debts.

Stephen Kiely, editor of CCR, said: "We are really pleased with how this debate is coming together – there is a huge amount of interest in what is now a very interesting and important issue. The debate, which will be held in association with the Burlington Group, will look at the role of enforcement, its future, its benefits and room for improvement, the new rules and what the implications will be."

Adam Wonnacott, sales director of Burlington Group, added: "There will certainly be a lot to discuss. Personally, I think it is possible that the safeguards under the new regulations may encourage the use of enforcement, as a debt recovery method, because of the ever increasing standards. It will be very interesting to hear the views of delegates."

NEW EU DIRECTIVE FOR MORTGAGES

UK MORTGAGE lenders have welcomed the formal publication, by the European Union, of the Mortgage Credit Directive, and have called on UK regulators to begin to consult publicly about how the directive will be implemented.

The directive includes several features which UK lenders have lobbied for, including the exclusion of buy-to-let lending from the scope of the directive; revisions that will allow UK lenders to continue to offer guarantor mortgages; and the concession of being able to keep the 'key facts' illustration for a five-year period, following final agreement on the directive, before UK lenders will be required to introduce the European

standardised information sheet.

Also proposals have been included for a shorter 'cooling-off' period than originally anticipated for consumers after a mortgage offer has been made. A further concession is that, while all countries will have to agree a seven day cooling-off period, it will be possible for this to take the form of a 'reflection period' before the contract is signed. Customers will be able to choose to go ahead anyway during this period, if they wish to do so.

Jackie Bennett, head of policy at the Council of Mortgage Lenders, said: "Formal publication of the directive finally brings to an end a long period of

uncertainty about what European proposals for regulating mortgages will look like. But that means the start of the next stage in the process for UK firms and consumers.

"Lenders are currently working flat out towards final implementation of new rules for regulating mortgages in the UK – due to come into effect on 26 April. Once the new UK rules are bedded in, however, firms will need to begin to prepare for any changes that might be needed to comply with European regulation. It will help everyone affected – consumers, as well as firms – for the process of public consultation to begin as soon as possible."