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Code of Conduct for platforms

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1. INTRODUCTION

The main aim of this Code of Conducts is to stimulate existing and future crowdfunding platforms to develop and establish the use of code of conduct. In this regard this document is a kind of living document reflecting the vision that code of conduct should be promoted and it is available for a broad use.

Project partners of the CROWD FUND PORT Project Organisation have created the Code of Conduct (hereinafter referred to as the CoC) for the all types of crowdfunding (hereinafter referred to as “the platform operator”) as a set of rules outlining the responsibilities, ethics and proper practices for crowdfunding platforms.

The compliance with this CoC does not exempt a platform operator from following the requirements provided by law and any other regulations and codes referred to their specific area of economic activity in the industry (among others those referring to trade, financing, data protection, crime prevention, consumer protection, advertising and so on) In case of any additional services are offered to consumers via the crowdfunding platform, the platform operator shall comply with the obligations provided by relevant legal acts. National or other Guidelines of good practice are not meant to be overruled by this Code of Conduct.



2. GENERAL REGULATIONS

- The platform operators will carry out any formal check in accordance with the law requirements.

3. FAIR COMPETITION

- All platform operators and employees have to be aware of the extraordinary risks which corruption and antitrust violations can signify for platforms as well as for the involved people personally. All employees, the management and platform operators are requested to contribute actively in their areas of responsibility in implementing good practice.
- All business should be conducted in a responsible manner and any practices that potentially could be damaging to the image and interest of the industry, society or environment must be avoided.
- Platform operators should take care to make known project-related material and essential changes on it available on the platform.

4. TRANSPARENCY

- The risk warnings and statements will be made clear published at an early stage and displayed at a central location.
- The platform operators will make an effort to oblige the project to explain legal, technical and economic terms and concepts in a clear and easy to understand manner.
- The costs and fees will be published clearly and transparently.

5. TREATMENT OF INVESTOR FUNDS

- Platform operator has to keep the investor funds apart from the platform operator 's own assets (alike the trust account principle which ensures the separation of the funds from the platform operator 's own assets)
- Platform operator is not allowed to make promises to the donors, backers and investors if that does not correspond to legal reality.
- Investor has to be provided with an opportunity to get appropriate and correct information on his transaction as the size of the investments and the status of the investments process.



6. DATA PROTECTION

- The personal data collected through the platforms must be processed in accordance with all applicable legal acts and data protection clauses. The platform operator is committed to establish and make available the principles of data processing on his website. The platform operator is committed to implement sufficient organizational and technological measures, in order to ensure the security of data.

7. CRIME PREVENTION

- The platform operator will make an effort to independently evaluate, whether the money laundering and crime financing prevention legal regulations are applicable to its activity. The platform operator has to comply with the obligations provided by law.
- The platform operator should pay attention to unusual situations or situations, which give rise to money laundering suspicions, and notifies the authorities of such suspicions. (e.g identification of investors)
- The platform operator shall refuse or terminate an agreement with any suspicious business partners or investors (e.g. who refuse to provide accurate data and documents)

8. INFORMATION AND INFORMATION QUALITY

- The platform operator will make available to the public, platform users only correct, clear and non-misleading information.
- The platform operator will make sure that, on equal grounds, the equal access to the information published on the internet platform is available.
- The platform operator will make available on his website the description of the role of the platform in relations with other relevant parties in a sufficiently clear, detailed and easily detected manner.
- The description on how the data, information and records collected are being kept will be provided according to the legal requirements and transparency of information.
- The platform operator commits to establish sufficient and uniform opportunity of minimum requirements for the description of the projects available which are available on the platform; and makes sure that the project follows them.
- In case the platform operator verifies the correctness and completeness of the data provided by the investors, donors, or backers or projects: The platform operator will expressly notify the public of this through its website and make available the information on the respective analysis methods.



9. RISK WARNINGS AND STATEMENTS

- The platform operator will make available on its website the descriptions of general risks related to the crowdfunding as well as warnings about the related risks, in a manner that such descriptions and warnings are easily found and clearly expressed.

10. CONSUMER PROTECTION AND ADVERTISING BEHAVIOR

- In case services and products are offered via the platform, the platform operator will comply with the obligations provided by relevant legal acts.
- The adverts published will reflect the platform operator's service in a correct and honest way and the platform operator commits to avoid misleading and dishonest ways of trading.
- The platform operator will make an effort to call on the users to thoroughly familiarize themselves with the terms and conditions of the platform's services and the information on the projects.
- The platform operator commits not to publish unfounded promises regarding the returns of the investments. If the platform operator does not verify the accuracy of the promises made by the project, then the platform operator will publish a clear notice on this on its website.

11. CONFLICTS OF INTERESTS AND THE REMUNERATION SYSTEM

- The platform operator will constantly be seeking to identify potential cases of conflict of interest. The make available on its website sufficient information on the identified cases of conflicts of interests will be published and the necessary measures to prevent and solve conflicts of interests, and to establish and make available sufficient relevant internal procedures will be taken.
- The platform operator will make available on the website information regarding the persons related to the platform (persons capable of influencing the activities or economic results of the platform operator like shareholders, the management board members and other, including the employees of the platform operator) and their relation on the platform.
- In order to avoid and prevent conflicts of interests the platform commits to establish the principles of remuneration of the platform operator and its related persons.
- The platform will make available clear and non-misleading explanations of the remuneration system used by the platform operator (like the fees charged, calculation methods and other costs or their absence)



12. REFERENCES

- Code of Practice of UK Crowdfunding Association. Found on <https://www.ukcfa.org.uk/code-of-practice-2/>
- Crowdfunding Best Practice Finance Estonia. Found on <http://www.financeestonia.eu/wp-content/uploads/2016/02/Crowdfunding-Best-Practice.pdf>
- Code of conduct The European Crowdfunding Network (ECN). Found on <http://eurocrowd.org/about-us/code-of-conduct-2/>
- Verhaltenskodex für Crowdfunding-Plattformen im Bundesverband Crowdfunding e.V. Deutschland. Found on <http://www.bundesverband-crowdfunding.de/verhaltenskodex-fuer-crowdfunding-plattformen-im-bundesverband-crowdfunding-e-v/>
- Standes und Ausübungsregeln für Crowdinvesting Plattformen Österreich. Found on https://www.wko.at/Content.Node/branchen/oe/sparte_iuc/Finanzdienstleister/Publikationen---Downloads/Pressemitteilungen/Standesregeln-Crowd-Plattformen.pdf
- Regolamento sulla raccolta di capitali di rischio tramite portali on-line Italia. Found on http://www.consob.it/documents/46180/46181/reg_consob_2013_18592.pdf/54eae6e4-ca37-4c59-984c-cb5df90a8393
- Regulation on the collection of risk capital via on-line portals Italy. Found on <http://www.consob.it/mainen/documenti/english/laws/reg18592e.htm>