



**LIETUVOS BANKAS**

# **Regulation as the (dis)incentive for the crowdfunding**

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# **REGULATION. WHERE IS IT COMING FROM?**



# 2012-2016 Government program

*“To improve the mechanism of citizens’ savings investment in economy, and to widen the spectrum of alternative finance instruments for enterprises”*



# Joint working group

Established **24 November, 2014:**

The Bank  
of Lithuania

The Ministry of  
Finance

The Ministry of  
Economics

Proposals until **30 June, 2015**



# DO WE NEED SPECIFIC REGULATION FOR CROWDFUNDING?

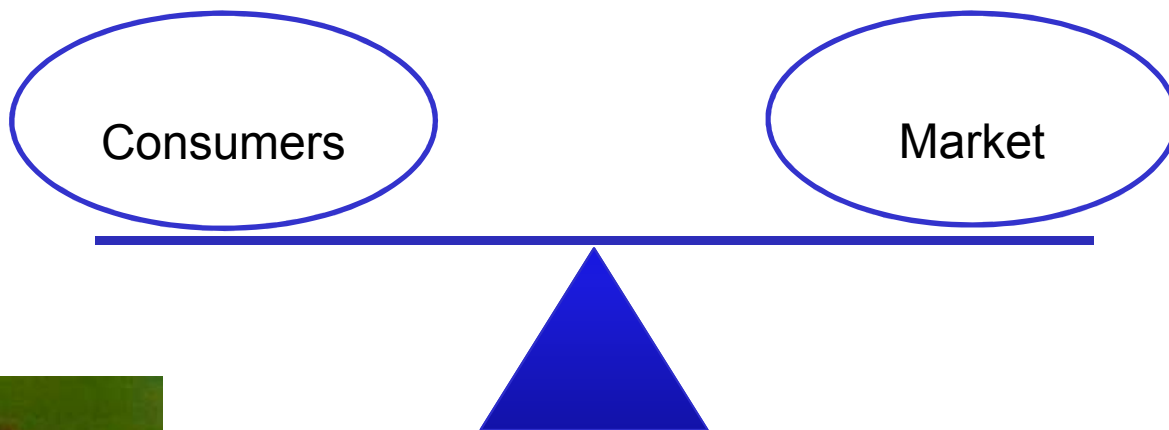


**YES, in order to:**

- Eliminate barriers
- Add clarity
- Ensure consumer protection



# WHAT IS THE MAIN TASK WHILE DRAFTING REGULATION?







# WHAT ARE THE PROPOSALS?



## Possibilities for business



- Any legal form;
- Lending-, investment- based;
  - Any purposes;
  - < 1 m EUR per project?
- No capital requirements for platform operators;
  - Acceptable price;
- Advertising tool for products.



## Possibilities for investors



- Higher earnings;
- Alternative way to engage capital;
- Possibility to participate directly in local economy.



## Risks mitigating measures



- Transparency and standardized terms of contracts;
- Due diligence of project owners;
- Suitability assessment of investors willing to invest > 1.000 EUR;
- Professional indemnity insurance for platform operator;
- Know your customer rules;
- Business continuity plan;
- Conflicts of interests management plan.





**Thank you for your attention**