



RESERVE BANK OF VANUATU

PRESS RELEASE

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RBV Concerned over Crowdfunding Platform

Governor Athy emphasized that "... crowdfunding are types of platforms that need to be encouraged; they definitely can make an important contribution to alleviating access to finance constraints faced by businesses and non-profit organizations in Vanuatu. However, these platforms and the entities raising funds through these platforms need to operate with established appropriate legal and regulatory framework.

The first concern relates to the inadequacy of the current legal framework for raising funds from the public. He asserted "... there is currently no legal authority for private companies to raise funds from the public through these platforms; and while larger public companies do appear to have legal authority to borrow through these platforms... there is no protection for those providing the funds".

RBV is also concerned that the lack of clarity around the type of operations that will be conducted through the proposed Raise platform in Vanuatu, as (a) the platform will be soliciting funds from the public - in Vanuatu and abroad - and promoting projects; (b) there is no detailed information, as yet, on the website as to how the platform will match those providing funds and those using funds, but the website suggests that the platform will be involved in raising funds for projects and for companies; and (c) there is no reference to safeguards around the acceptance and use of funds.

The Reserve Bank strongly admits that the legal framework for capital raising in Vanuatu requires a comprehensive reform to protect the interests of those involved in this new platform, and, more importantly, strengthen the integrity of the capital raising regime in Vanuatu. Equity crowdfunding, peer-to-peer lending, and cryptoassets should be incorporated into capital raising legislation as part of this reform.

For these reasons, we consider it more prudent to postpone the platform's launch, pending a comprehensive assessment of the nature of the platform's activities, its processes, and the adequacy of existing legal and regulatory underpinnings.

RBV on the other hand suggests that the authorities involved should expedite a comprehensive reform of capital raising legislation and regulation in Vanuatu, in conjunction with RBV's proposed financial sector reform. Undertaking such regulatory and legal reform will also involve changes in laws governing areas such as AML/CTF, payments, the establishment and operation of financial institutions, consumer protection, corporations law, and securities/capital raising law.


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