



## CP16/5: Handbook changes to reflect the introduction of the Innovative Finance ISA and the regulated activity of advising on peer-to-peer agreements

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In April 2016 the Government will introduce the Innovative Finance ISA, which will allow for peer-to-peer (P2P) agreements to be included within an ISA tax wrapper. There is also an intention to make advising on P2P agreements a regulated activity.

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To take account of these legislative changes, we published a discussion paper in November 2015 setting out our initial thinking on changes to the Handbook. We are now issuing this consultation paper in which we consult on changes we are planning to make to our rules and guidance on disclosure and advice relating to P2P agreements.

### Why are we issuing this consultation paper?

The Government plans to allow loan-based crowdfunding investments (Article 36H agreements in the Regulated Activities Order (RAO), usually known as peer-to-peer (P2P) agreements) to be included in Individual Savings Accounts (ISAs), in a new component to be known as an Innovative Finance ISA (IFISA). The new IFISA is expected to be available from 6 April 2016.

The Government also plans to amend the RAO to make the provision of advice about loan-based crowdfunding investments that are P2P agreements a regulated activity.

[CP16/5: Handbook changes to reflect the introduction of the IFISA and the regulated activity of advising on P2P agreements](#) [3] (PDF file)

### Who does this consultation affect?

This paper will be of interest to:

- consumers and consumer organisations
- financial advisers
- firms operating loan-based crowdfunding platforms
- firms that wish to manage Innovative Finance ISAs
- trade bodies that represent stakeholders in this market
- compliance consultants and other firms that assist stakeholders

### Next steps

The consultation period for this paper ended on **15 February 2016**.

### Background

Crowdfunding is a way in which individuals, organisations and businesses, including business start-ups, can raise money through online portals (called crowdfunding platforms) to finance or refinance their activities. Money can be donated or invested in various ways by both individuals and businesses. Some crowdfunding activity is unregulated, some is regulated

and some is exempt from regulation. This paper focuses on the regulated loan-based crowdfunding sector.

We generally regulate firms that operate loan-based crowdfunding platforms. Individuals can use these to lend money to other individuals or businesses, or businesses can use them to lend to individuals or other businesses, usually in the hope of receiving a financial return in the form of interest payments, together with repayment of capital. We took on responsibility for regulating loan-based crowdfunding on 01 April 2014.

Our existing rules protect consumers investing in this part of the crowdfunding market by focusing on the provision of information to consumers. This information helps them to assess the risks associated with loan-based crowdfunding, understand who will ultimately borrow the money and make informed decisions.

In order to take account of the introduction of the IFISA, and anticipating that advising on P2P agreements becomes a regulated activity, we will need to amend certain provisions in the FCA Handbook.

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Consultation papers | First published: 02/02/2016 | Last updated: 04/04/2016

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