

New act on crowdfunding platforms and borrower assistance

On 10 May, the Council of Ministers adopted a draft act on crowdfunding for business ventures and on assistance to borrowers. The new act regulates the functioning of crowdfunding platforms operating in the participatory model and, among other things, the replacement of the WIBOR index in the case of mortgage loans with a new index.

The draft adjusts Polish law to EU regulations on crowdfunding of business ventures. The aim is to regulate the activity of crowdfunding platforms operating in the participatory model, in which the investor – in exchange for a payment – acquires securities (usually shares) issued by the project owner, and which facilitate the granting of community loans.

Currently, there are no regulations in Poland that directly refer to crowdfunding activities. Investment crowdfunding platforms operate mainly under the rules that result from the Public Offering Act. On that basis, project owners are allowed to advertise public

offerings via a website provided by the crowdfunding platform.

The draft assumes that the activity of crowdfunding platforms will be regulated. They will be supervised by the Financial Supervision Authority (KNF). Therefore, KNF will be granted special supervisory powers, allowing it e.g. to suspend specific crowdfunding offerings or the activity of providers.

The bill assumes introduction of civil and criminal liability for the accuracy and truthfulness of information provided in documents prepared in connection with a crowdfunding offering.



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In its part relating to borrower support, the draft introduces payment holidays, replacement of the WIBOR index, and strengthening of the Borrower Support Fund. The draft assumes that the process of determining the WIBOR substitute will be regulated by law. The procedure of determining the substitute, upon the occurrence of a triggering event specified in the EU BMR regulation, will be initiated by the Financial Supervision Authority. The Financial Stability Committee (composed of representatives of all financial safety net institutions) will be involved in the process to work out the best possible solution. Ultimately, however, it will be up to the Minister of Finance to determine the substitute in a regulation. If it proves impossible to determine the substitute this way, there will be an option of determining on the basis of POLONIA rate. Also that substitute would be determined by the Minister of Finance in a regulation. The payment holidays will allow for suspension of loan repayment installments - two months each in the third and fourth quarters of 2022 and one month in each of the four quarters of 2023, i.e. 4 times in 2022 and 4 times in 2023 the installment due date will be shifted without interest. The solution will be available to borrowers with PLN loans and property meeting their own housing needs.

As of June, a new form FIN-1 will be in effect

The Ministry of Finance has published a draft regulation of the Minister of Finance on the tax return form for tax on certain financial institutions (No. 537). It changes the FIN-1 form for payers of the tax on certain financial institutions.

The new regulation follows the entry into force on 7 May 2022 of Article 15 of the Act of 9 March 2022 amending the Act on Mortgage Bills and Mortgage Banks and certain other act, which amends the Act of 15 January 2016 on tax on certain financial institutions (PFIN Act). The changes allow specified payers of the tax on certain financial institutions, i.e., domestic banks, branches of foreign banks, branches of credit institutions, cooperative savings and credit unions, domestic insurance companies, domestic reinsurance companies, branches of foreign insurance companies and foreign reinsurance companies, as well as main branches of foreign insurance companies and foreign reinsurance companies, to reduce the tax base by the value of assets in the form of:

■ bonds purchased by the taxpayer issued by the Bank Guarantee

Fund or an asset management entity,

■ loans or advances granted by the taxpayer to the Bank Guarantee Fund or to an asset management entity.

As compared to the current FIN-1 return form, the draft proposes as follows:

■ in section C.2 dealing with exemptions under Article 11 of the PFIN Act, simplification of the return by removal of the "No" answer;

■ in section D.2., addition of lines where payers of the tax on certain financial institutions referred to in Article 4 points 1-8 of the PFIN Act will show the value of assets in the form of bonds acquired by the taxpayer and issued by the Bank Guarantee Fund or asset management

entity as well as loans or advances granted by the taxpayer to the Bank Guarantee Fund or asset management entity;

■ amendment of point 2 of the explanatory notes by specifying that taxpayers who enjoy exemption under Article 11 of the Act will not be required to complete section E, except for item 42, which in effect requires such taxpayers to complete section D of their return.

In other respects, the regulation duplicates the solutions applied in the current form of the return. The regulation would take effect on 1 June 2022 and would apply to the May 2022 tax return, which means that the first tax return using the new form should be filed by 25 June 2022.



Starting from August, insurance products will integrate the sustainability factor

Coming into force on 2 August 2022 is Delegated Regulation (EU) 2021/1257 on the integration of sustainability factors into the supervisory and governance requirements for investment based insurance products.

The EU Regulation amends Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 with regard to the integration of sustainability factors, risks and preferences in the product oversight and governance requi-

irements for insurance undertakings and distributors and in provisions on conduct of business and investment consulting with respect to investment based insurance products. The Regulation introduces significant changes to

the operations of insurance companies. They relate to integration of sustainability factors in the Product Oversight and Governance (POG) system. According to the Regulation, "sustainability preferences" mean a client's or prospective client's choice as to whether, and to what extent, to integrate one or more of the following financial products in their investments:

- an investment based insurance product for which the client or prospective client determines that a specified minimum portion is to be invested in environmental sustainability,

- an investment based insurance product for which the client or prospective client determines that a specified minimum portion is to be invested in sustainable investments,

- an investment based insurance product that considers major adverse effects on sustainability factors in cases where qualitative or quantitative elements of such consideration are determined by the client or prospective client.

Also amended will be Delegated Regulation 2017/2359 to the IDD in relation to information requirements and conduct of business rules applicable to the distribution of Investment Based Insurance Products (IBIPs). The Regulation requires insurance companies and agents providing advice to obtain information from clients about their sustainability preferences in relation to investment based insurance products.



The Polish Financial Supervision Authority (KNF) explains how to file a corporate governance statement

Together with the issuer's report on operations, issuers must file a separate corporate governance statement identifying, among other things, the set of corporate governance rules to which the issuer is subject and the source where such set of rules is publicly available.

In connection with doubts concerning the issuer's obligation to file a corporate governance statement as part of the annual report for 2021, the KNF Office has reminded in a special announcement that pursuant to the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on the conditions for recognizing information required by the laws of a non-member state as equivalent, the issuer is obliged to publish a report on its operations. An element of such report is a separate corporate governance statement identifying, among other things, the set of corporate governance rules to which the issuer is subject and the source where such set of rules is publicly available. The rules of corporate governance for joint-stock companies that issue shares, convertible bonds or preemptive bonds admitted to trading on the regulated market are determined by the Superviso-

ry Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange). In force until 30 June 2021 were the "Best Practices of Companies Listed on the WSE 2016", an appendix to Resolution No. 26/1413/2015 of the Exchange Board of 13 October 2015. On 29 March 2021, the Exchange Board adopted Resolution No. 13/1834/2021 on the adoption of the "Best Practices for Companies

Listed on the WSE 2021". The new corporate governance rules are effective as of 1 July 2021. In connection with the change of corporate governance rules during 2021, the Office of the Financial Supervision Authority informs that due to the grammatical form of the present tense used in the regulation, i.e. the phrase "is subject to", the version of corporate governance rules in force at the time of filing the statement should be taken into account when publishing a report on the issuer's operations. Therefore, the statement submitted by the issuer as of 1 July 2021 should refer to the application of Best Practices for WSE Listed Companies 2021, adopted by Resolution No. 13/1834/2021 of 29 March 2021.



In short

More than 3.8 million Poles already use private health insurance

According to the report "The Poles' Risk Map" prepared by the Polish Insurance Chamber, one of the most serious concerns of Poles is the lack of access to health care. At the same time, over 80 percent of the population declare willingness to incur additional fees for medical care. Private health care is appreciated by patients as it allows for faster contact with the physician, prevention and quick diagnosis. It is also readily supported by employers. As at the end of 2021, over 3.8 million Poles had private health insurance. This means a year-on-year increase of 17 percent. Poles spent over PLN 1 billion on policies, which is nearly 15 percent more than the preceding year.

Agreement between the Polish Bankers Association and certified auditors

On 10 May 2022, at the head office of the Polish Bank Association (ZBP), an agreement was signed between ZBP and the Polish Chamber of Statutory Auditors (PIBR) on the adoption of good market practices concerning the scope and manner of confirmation by Depository Banks of information on selected financial instruments and other data relating to Investment /

Pension Funds managed by TFI/PTE. The good practices of confirmation were developed jointly by PIBR and ZBP with active participation of the Council of Depository Banks. The currently adopted solution was modeled after the arrangements, adopted on 30 September 2021, relating to bank confirmations concerning funds of the bank's clients who are subject to audit by certified auditors and audit firms.

The number of cancelled documents is growing, but not the number of loans obtained under false pretences

The number of cancelled identity documents has increased. The Polish Bank Association published its 49th report on documents, infoDOK. The Central Database of the CANCELLED DOCUMENTS System, which contains documents used to confirm a person's identity, comprised 2,175,823 records at the end of March, which means that in Q1 2022 the database grew by 33,241. Statistically, 370 documents a day were added to the database. This is over 5 percent more than in the "pandemic" Q1 2021. The amount of attempts at obtaining a loan under false pretences totaled PLN 51.8 million in Q1 2022. There were 1,915 attempts in Q1 – a number similar to the average of the last 8 quarters (1,940). This means an average of 21 attempts per day. Traditionally, the numbers of attempts were highest in Dolnośląskie, Śląskie and Mazowieckie Provinces. Every day, there were attempts to steal a total of PLN 575 thousand using someone else's name.

New EU rules on pan-European Personal Pension Product

On 22 March, Regulation (EU) 2019/1238 of the European Parliament and of the Council on pan-European Personal Pension Product (PEPP Regulation) came into force. In Poland, the Ministry of Finance, Funds and Regional Policy published a draft act on pan-European personal pension products (OIPE). It is the so-called draft OIPE act, which aims to implement the Regulation (EU) 2019/1238 of the European Parliament and of the Council on pan-European Personal Pension Product. The last version of the draft assumed that the act would come into force together with the PEPP Regulation, but works on the draft got stuck at the government stage. From the perspective of insurers, it is worth noting that the draft OIPE Act provides, as in the case of IKE, provides for a life insurance contract with unit-linked insurance plan as a form of PEPP, while assuming the possibility of applying various risk mitigation methods specified in the PEPP Regulation.



KNF launches a series of annual seminars on risk in the banking sector

The Office of the Polish Financial Supervision Authority (KNNF), together with the European Financial Congress, launched an initiative to organize a series of annual seminars on risk and regulation in the banking sector. A Program Board of the seminars has been appointed, headed by Chairman of the Polish Financial Supervision Authority Jacek Jastrzębski, PhD, professor at Warsaw University. The seminars on "Risks and Regulations in the Banking Sector" (R&R) will be meetings of representatives of regulatory and supervisory institutions, academia and banking experts. Their purpose will be to educate and inform in the area of functioning of the financial market and to raise the level of knowledge and awareness among financial market participants.

A member of the audit committee must be removed by the entire composition of the supervisory board

In view of the occurrence of irregularities concerning the procedure for dismissal of audit committee members in public interest entities which are joint stock companies, in relation to the Certified Auditors Act, the Office of the Polish Financial Supervision Authority issued a position paper on the procedure for dismissal of audit committee members, including its chairman, in public interest entities which are joint stock companies. It was reminded, inter alia, that members of the audit committee, including its chairman, should always be appointed and dismissed on the same statutory basis, i.e. by the supervisory board or another supervisory or controlling body. Current regulations do not give the right to decide on the composition of the audit committee solely to only one member of the supervisory board - even its chairman - instead of the entire supervisory body (the supervisory board acting jointly).

A new version of the Annual Supervisory Review and Evaluation (BION) methodology has been published

In early April, a new version of the BION methodology for insurance and reinsurance companies for 2021 was released. The Annual Supervisory Review

and Evaluation (BION) of insurance and reinsurance companies is a comprehensive process using all available company information held by the supervisory authority, including information obtained from licensing activities, desk-based analysis and inspection activities carried out on the premises of the company and at entities with which the company has concluded an outsourcing agreement, and also from enquiries/questionnaires addressed at the company. Within the BION assessment, the supervisory authority specifically identifies and assesses any current and future risks to which the companies are or may be exposed, taking into account the companies' ability to identify, assess, monitor, manage and report on these risks, as well as the likelihood of the occurrence of certain risks and their impact on the company's operations or the situation of its clients.

The Office of the Polish Financial Supervision Authority (UKNF) adopted a stance on the price of the calls for shares in public companies

In view of legal doubts raised by capital market participants as to the proper manner of determining the price in the calls for shares in public companies under the Act on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies, the Office of the Polish Financial Supervision Authority ("UKNF") issued a position paper aimed at presenting the interpretation applied by UKNF in this respect. If any of the company's shares are traded on the regulated market, the price must not be lower than: the average market price from the period of 6 months preceding the announcement of the call, during which the shares were traded on the main market; or the average market price from a shorter period - if the company's shares were traded on the main market for less than 6 months. Only if the price cannot be determined in this manner, or in the case of a company with respect to which restructuring or bankruptcy proceedings have been initiated, the price may not be lower than the fair value of the shares.

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by its Audit and Tax Advisory Departments, including most recently:

The last distinctions for the company are related to the Rankings: Companies and Tax Advisors of Dziennik Gazeta Prawna for 2021:

► 1st place The Best Tax Advisor in the category of medium-sized companies

The 2021 rankings prepared by the Rzeczpospolita and Parkiet dailies:

► 3rd Most Active Firm on the Stock Exchange

► 4th Best Audit Firm

► 5th Best Auditor of Listed Companies