

European crowdfunding service providers (ECSP) for business

2018/0048(COD) - 05/10/2020 - Text adopted by Parliament, 2nd reading

The European Parliament approved, in accordance with the ordinary legislative procedure, the Council's position at first reading with a view to the adoption of a Regulation of the European Parliament and of the Council on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.

The Council's position at first reading reflects the agreement reached between Parliament and the Council in the framework of inter-institutional negotiations at the early second reading stage.

The proposed Regulation is aimed at improving crowdfunding throughout the EU. It is part of the EU Capital Markets Union project to facilitate access to new sources of finance. It aims to remove obstacles for crowdfunding platforms to provide their services across borders by harmonising minimum requirements when operating in their home market and in other EU countries.

The proposed new rules:

- cover crowdfunding campaigns of up to EUR 5 million over a 12-month period. Large firms shall be regulated by MiFID and prospectus regulations;
- offer a high level of investor protection by establishing common prudential, information and transparency requirements and including specific requirements for non-sophisticated investors;
- provide for the establishment of a harmonised framework at EU level entrusting national competent authorities with authorisation and supervision. The European Securities and Markets Authority (ESMA) would have an enhanced role in facilitating coordination and cooperation, through a binding dispute mediation mechanism and the development of technical standards;
- provide for minimum sanctions and administrative measures in the event of infringements of the regulation;
- provide for a transition period of up to 24 months after its entry into force, during which participatory finance service providers may, under certain conditions, continue to offer participatory finance services falling within the scope of the Regulation, in accordance with applicable national law.