

Basic information

2018/0047(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Directive

Markets in financial instruments: crowdfunding service providers

Amending Directive 2014/65/EU [2011/0298\(COD\)](#)

See also [2018/0048\(COD\)](#)

Subject

2.50.03 Securities and financial markets, stock exchange, CIUTS, investments

2.50.08 Financial services, financial reporting and auditing

Procedure completed

Key players

European
Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	NAGTEGAAL Caroline (Renew)	18/07/2019
	Shadow rapporteur MAYDELL Eva (PPE) HEINÄLUOMA Eero (S&D) JURZYCA Eugen (ECR) GUSMÃO José (GUE/NGL) GIEGOLD Sven (Verts/ALE)	
Former committee responsible	Former rapporteur	Appointed
ECON Economic and Monetary Affairs	NAGTEGAAL Caroline (ALDE)	31/05/2018
Former committee for opinion	Former rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union	Council configuration	Meetings	Date
	Agriculture and Fisheries	3766	2020-07-20
European Commission	Commission DG		Commissioner
	Financial Stability, Financial Services and Capital Markets Union		DOMBROVSKIS Valdis
European Economic and Social Committee			

Key events			
Date	Event	Reference	Summary
08/03/2018	Legislative proposal published	COM(2018)0099 	Summary
16/04/2018	Committee referral announced in Parliament, 1st reading		
05/11/2018	Vote in committee, 1st reading		
05/11/2018	Committee decision to open interinstitutional negotiations with report adopted in committee		
09/11/2018	Committee report tabled for plenary, 1st reading	A8-0362/2018	Summary
12/11/2018	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
14/11/2018	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
27/03/2019	Decision by Parliament, 1st reading	T8-0302/2019	Summary
27/03/2019	Results of vote in Parliament		
23/09/2019	Committee decision to open interinstitutional negotiations after 1st reading in Parliament		
09/10/2019	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
07/05/2020	Approval in committee of the text agreed at early 2nd reading interinstitutional negotiations	PE650.348	
11/09/2020	Council position published	06799/1/2020	Summary
17/09/2020	Committee referral announced in Parliament, 2nd reading		
28/09/2020	Vote in committee, 2nd reading		
29/09/2020	Committee recommendation tabled for plenary, 2nd reading	A9-0169/2020	
05/10/2020	Decision by Parliament, 2nd reading	T9-0242/2020	Summary
07/10/2020	Final act signed		
07/10/2020	End of procedure in Parliament		
20/10/2020	Final act published in Official Journal		

Technical information	
Procedure reference	2018/0047(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2014/65/EU 2011/0298(COD) See also 2018/0048(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 053-p1
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/01323

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE625.579	26/07/2018	
Amendments tabled in committee		PE627.782	12/09/2018	
Committee report tabled for plenary, 1st reading/single reading		A8-0362/2018	09/11/2018	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0302/2019	27/03/2019	Summary
Text agreed during interinstitutional negotiations		PE650.348	13/03/2020	
Committee draft report		PE655.764	23/09/2020	
Committee recommendation tabled for plenary, 2nd reading		A9-0169/2020	29/09/2020	
Text adopted by Parliament, 2nd reading		T9-0242/2020	05/10/2020	Summary
Council of the EU				
Document type	Reference	Date	Summary	
Council position	06799/1/2020	11/09/2020	Summary	
Council statement on its position	09424/2020	11/09/2020		
Draft final act	00036/2020/LEX	07/10/2020		
European Commission				
Document type	Reference	Date	Summary	
Legislative proposal	COM(2018)0099 	08/03/2018	Summary	
Commission response to text adopted in plenary	SP(2019)437	30/07/2019		
	COM(2020)0356			

Commission communication on Council's position		29/07/2020	
National parliaments			
Document type	Parliament /Chamber	Reference	Date
Contribution	ES_CONGRESS	COM(2018)0099	14/05/2018
Contribution	PT_PARLIAMENT	COM(2018)0099	14/05/2018

Additional information		
Source	Document	Date
EP Research Service	Briefing	
European Commission	EUR-Lex	

Final act
Directive 2020/1504 OJ L 347 20.10.2020, p. 0050

Markets in financial instruments: crowdfunding service providers

2018/0047(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 directive of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments.

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

The proposed Directive is part of a package of measures to deepen the capital markets union, which also includes a proposal for a Regulation of the European Parliament and of the Council on European crowdfunding service providers for business.

The proposed Directive and Regulation aim to improve crowdfunding throughout the EU with a view to ensuring the proper functioning of the internal market for these services while enhancing investor protection and market efficiency.

In the interest of legal certainty as regards the persons and activities falling respectively under Regulation and Directive 2014/65/EU of the European Parliament and of the Council, the Council's position on the proposed Directive excludes crowdfunding service providers defined in the Regulation from the scope of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Markets in financial instruments: crowdfunding service providers

2018/0047(COD) - 11/09/2020 - Council position

The Council adopted its position at first reading with a view to the adoption of a directive of the European Parliament and of the Council amending directive 2014/65/EU on markets in financial instruments.

The proposed Directive is part of a package of measures to deepen the capital markets union, which also includes a [proposal for a Regulation](#) of the European Parliament and of the Council on European crowdfunding service providers for business.

The objective of the proposed Regulation and Directive is to reduce the fragmentation of the legal framework applicable to crowdfunding services in order to ensure the proper functioning of the internal market for such services while enhancing investor protection and market efficiency and contributing to the establishment of the capital market Union.

The Council's position states that crowdfunding is a financial technology solution that provides small and medium-sized enterprises (SMEs) and, in particular, start-ups and scale-ups, with alternative access to finance in order to promote innovative entrepreneurship in the Union, thereby strengthening the capital markets Union.

The Council's position on the proposed Regulation on European crowdfunding service providers for business lays down uniform, proportionate and directly applicable requirements for the provision of crowdfunding services, for the organisation, authorisation and supervision of crowdfunding service providers, for the operation of crowdfunding platforms as well as for transparency and marketing communications in relation to the provision of crowdfunding services in the Union.

In the interest of legal certainty as regards the persons and activities falling respectively under Regulation and Directive 2014/65/EU of the European Parliament and of the Council, and in order to avoid a situation where the same activity is subject to multiple authorisations within the Union, the Council's position on the proposed Directive excludes crowdfunding service providers defined in the Regulation from the scope of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Markets in financial instruments: crowdfunding service providers

2018/0047(COD) - 09/11/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Caroline NAGTEGAAL (ALDE, NL) on the proposal for a directive of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal.

The proposal aims to amend the scope of Directive 2014/65/EU in order to exempt crowdfunding service providers from the obligations arising from Directive 2014/65/EU on markets in financial instruments. The objective is to broaden access to finance for innovative companies, start-ups and other unlisted companies.

The amended text underlined in this respect that crowdfunding is a financial technology solution that provides SMEs, and, in particular, start-ups and scale-ups, **with alternative access to finance, in order to promote innovative entrepreneurship in the Union**, thereby strengthening the Capital Markets Union (CMU).

That in turn contributes to a more **diversified financial system** that is less dependent on bank financing, therefore limiting systemic and concentration risks.

In view of the lack of transparency in the markets for virtual currencies, a new recital invited the Commission to **keep virtual currencies under constant review** and to propose clear guidelines setting out the conditions that a virtual currency must meet in order to be considered a financial instrument. If the Commission concludes that it is necessary to regulate virtual currencies, it should submit a proposal on this subject to the European Parliament and the Council.

Markets in financial instruments: crowdfunding service providers

2018/0047(COD) - 08/03/2018 - Legislative proposal

PURPOSE: to amend Directive 2014/65/EU on markets in financial instruments with the aim of extending access to finance to innovative companies, start-ups and other non-listed companies.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: **crowdfunding** is a financing model normally involves the project owners that propose the project to be funded, investors that support the proposed project through funding and a moderating platform that brings the parties together to finance and launch the project in question. Crowdfunding platforms are increasingly used as a tool to finance various activities for small and nascent firms.

Some Member States have already introduced domestic bespoke regimes on crowdfunding. However, Member States tailor their regulatory frameworks to the characteristics and needs of local markets and investors, which results in **differences of how the rules are designed and implemented** with respect to the conditions of operation of crowdfunding platforms, scope of permitted activities and licencing requirements. **Due to the lack of an appropriate EU framework** for crowdfunding activity, crowdfunding services providers are facing difficulties in scaling their operations and cross-border flows remain limited.

The [proposal for a regulation](#) on European crowdfunding service providers aims to **facilitate their provision on a cross-border basis**, while managing operational risks and ensuring a high degree of transparency and investor protection.

In the interest of legal certainty and in order to avoid the application of requirements stemming from [Directive 2014/65/EU](#) to the provision of crowdfunding services, it is necessary to explicitly specify that Directive 2014/65/EU does not apply to persons authorised as crowdfunding service providers as defined in the proposed regulation on European crowdfunding service providers.

This initiative is related to part of the Commission's priority of establishing a [Capital Market Union](#) (CMU), which aims to broaden access to finance for innovative companies, start-ups and other unlisted firms.

IMPACT ASSESSMENT: the main economic and social impacts have been thoroughly examined in the impact assessment accompanying the proposal for a regulation of the European Parliament and of the Council on European crowdfunding service providers.

CONTENT: this proposal amends the scope of Directive 2014/65/EU in order to **exempt crowdfunding service providers** from the obligations arising from Directive 2014/65/EU on markets in financial instruments.

Markets in financial instruments: crowdfunding service providers

2018/0047(COD) - 27/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 516 votes to 57 with 36 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal.

The proposal aims to amend the scope of Directive 2014/65/EU in order to exempt crowdfunding service providers from the obligations arising from Directive 2014/65/EU on markets in financial instruments. Also exempted are legal persons providing crowdfunding services in accordance with national law, as long as they are below the threshold of Article 2(d) of [the Regulation](#) of the European Parliament and of the Council on European crowdfunding service providers.

The objective is to broaden access to finance for innovative companies, start-ups and other unlisted companies.

The amended text underlined in this respect that crowdfunding is a financial technology solution that provides SMEs, and, in particular, start-ups and scale-ups, with alternative access to finance, in order to promote innovative entrepreneurship in the Union, thereby strengthening the Capital Markets Union (CMU).

That in turn contributes to a more diversified financial system that is less dependent on bank financing, therefore limiting systemic and concentration risks.

In view of the lack of transparency in the markets for virtual currencies, a new recital invited the Commission to keep virtual currencies under constant review and to propose clear guidelines setting out the conditions that a virtual currency must meet in order to be considered a financial instrument. If the Commission concludes that it is necessary to regulate virtual currencies, it should submit a proposal on this subject to the European Parliament and the Council.