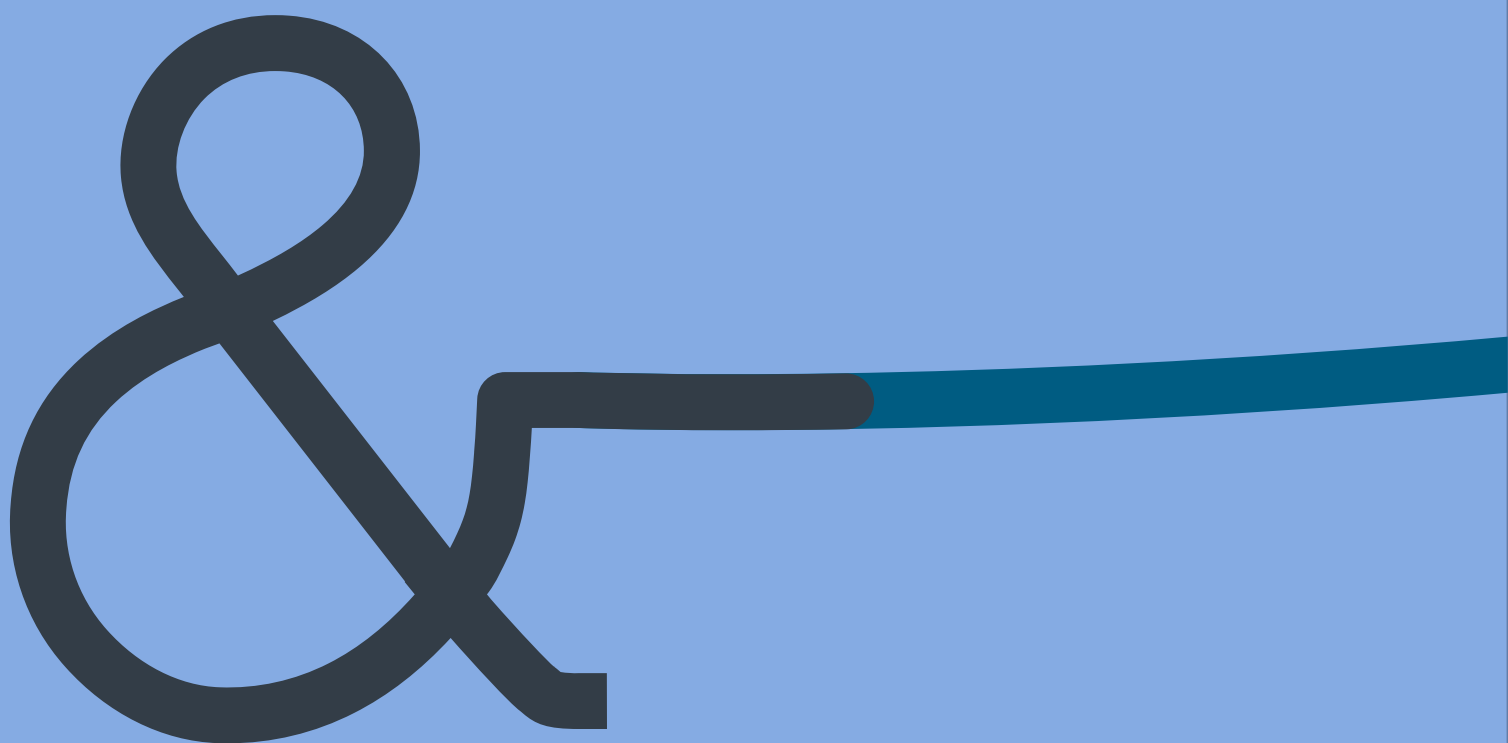


Bird & Bird

ECSPR

Guide to the European Crowdfunding
Regulation

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Contents

This is the Bird & Bird guide to the Regulation (EU) 2020/1503 (European Crowdfunding Service Provider Regulation – ECSPR). This guide will cover different topics in relation to the ECSPR and crowdfunding. It shall be updated from time to time.

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1. THE REGULATION FOR CROWDFUNDING SERVICES

On 10 November 2021, the Crowdfunding Service Provider Regulation ((EU) 2020/1503 - European Crowdfunding Service Provider Regulation - "ECSPR") became applicable. The services regulated therein (e.g. the facilitation of granting of loans or the placing without a firm commitment basis (i.e. the placement business in Germany) as well as the reception and transmission of client orders (i.e. the investment brokerage in Germany) of transferable securities and crowdfunding instruments, in each case via an online platform) is subject to an independent licensing requirement, which will take precedence over the licensing requirements like those pursuant to section 34f of the German Trade Regulation Ordinance (*GewO*) and section 15 of the German Investment Firm Act (*WpIG*).

1.1 Scope

The ECSPR applies to crowdfunding services. Crowdfunding services are the facilitation of granting of loans or placing without a firm commitment basis and the reception and transmission of client orders of transferable securities and admitted instruments for crowdfunding purposes. The service must be offered through a publicly accessible internet-based crowdfunding platform.

Crowdfunding offers of more than EUR 5 million are excluded from the scope of the ECSPR. The threshold value is calculated for a period of 12 months. For crowdfunding offers exceeding EUR 5 million, the currently existing regulations apply as before (thus for Germany in particular the Capital Investment Act (*VermAnlG*), the EU Prospectus Regulation, the Securities Prospectus Act (*WpPG*) as well as the Trade Regulation Ordinance (*GewO*), the German Banking Act (*KWG*) or the Investment Firm Act (*WpIG*)).

Also, the ECSPR does not apply if the issuer (e.g. the borrower or project owner) is a consumer.

1.2 Crowdfunding instruments

The crowdfunding service can refer to three different instruments: Loans, transferable securities, as well as so-called "*admitted instruments for crowdfunding purposes*".

(a) Loans

First of all, loans can be brokered by a crowdfunding service provider. In the German crowdfunding market, there are different models: so-called "*non-genuine crowdlending*" and "*genuine crowdlending*".

In the case of "*non-genuine crowdlending*", the loans are first issued via a fronting bank and then sold to the investor. Basically, there are two variants: Either the fronting bank transfers the loan contract (partially) to the investors, or it only assigns the claim (the repayment and interest claims) from the loan. The extent to which this second alternative of non-genuine crowdlending should be subject to the ECSPR is currently still controversial and has not yet been commented on by European Securities and Markets Authority (ESMA), German Federal Financial Supervisory Authority (BaFin) or the Austrian FMA.

In the case of "*genuine crowdlending*", on the other hand, the loans are issued directly via the platform by concluding a loan agreement between the investor and the project sponsor. If it is a "real" loan, this clearly falls under the ECSPR. In Germany, however, subordinated loans are usually issued. This also serves to avoid the need for permission as a lending or deposit-taking business.

The intermediation of subordinated loans via a platform is unlikely to be covered by the ECSPR. The ECSPR defines "loan" as (among other things) unconditionally repayable. The BaFin assumes in its previous administrative practice that subordinated loans are, however, precisely not necessarily repayable, but undergo a change in nature due to the equity-like liability function. This reasoning will also be transferable to the ECSPR. The Austrian FMA explicitly states on its website that a permit under the ECSPR does not authorize the brokerage of subordinated loans; these are subject to the Austrian Alternative Financing Act (AltFG). It should be noted, however, that a "securitisation" of the subordinated loans (for example through tokenisation) can turn loans (including the subordinated ones) into securities. This would then again be covered by the regulation of the ECSPR.

In addition, from a regulatory perspective, subordination is no longer required for crowdfunding if the loan is granted via a platform with an ECSPR licence. According to the ECSPR, Member States must ensure that project owners and investors do not require authorisation as a credit institution for the loans facilitated by the

crowdfunding service provider. To this end, the German Banking Act has been amended as of 10 November 2021. A subordination, nevertheless, might be required by the project owner to avoid insolvency.

(b) Securities

Crowdfunding services may also relate to securities. Transferable securities are those referred to in MiFID II. The term was implemented in Germany in the Securities Trading Act.

(c) Admitted instruments for crowdfunding purposes

Admissible instruments for crowdfunding purposes include, in principle, shares in a private limited liability company that are not subject to restrictions that would effectively prevent the transfer of the shares, including restrictions on the way in which those shares may be offered or advertised to the public. This statement, however, needs to be interpreted under the laws of the relevant EU member state.

Shares in a German GmbH have not been admitted as instrument for crowdfunding purposes by BaFin; the Austrian FMA took the same decision towards Austrian GmbHs. This is likely based on the fact that the transfer of GmbH shares requires notarisation, so they are subject to a transfer restriction. The same is true for German Unternehmergeellschaft (UG). The German market will continue to focus on loans or securities. As securities, shares in stock corporations fall under regulation of the ECSPR. The national competent authorities report the company forms that fall under the admitted instruments for crowdfunding purposes to ESMA (see section 10.1).

However, alternative structures for true equity investments in GmbHs are conceivable and are currently being discussed with BaFin (and at European level). One conceivable option would be the use of a special purpose vehicle (SPV). It is true that the EU's intention is that SPVs should only be used to a very limited extent. However, they are permissible in cases where only one non-liquid or non-divisible asset is offered via a special purpose vehicle. This could then be the GmbH share.

1.3 Authorisation and scope of authorisation

Legal persons wishing to provide crowdfunding services require a licence from the competent authority of the Member State in which they are established. The competent authority in Germany is BaFin, in Austria it is the FMA.

Crowdfunding service providers that have a permit under the ECSPR do not require an additional permit under the WpIG or the KWG in Germany. However, companies that have a licence under the WpIG or the KWG also require a licence as a crowdfunding service provider if they wish to provide crowdfunding services. However, the effort required for these institutions to obtain a permit as a crowdfunding provider is intended to be considerably lower. Information and documents already submitted when applying for a permit under Directives 2009/110/EC, 2013/36/EU, 2014/65/EU or (EU) 2015/2366, i.e. having a permit as an e-money institution, payment institution, credit institution, financial services institution or securities institution in Germany, do not have to be submitted again. Rather, the ECSPR considers it sufficient if the documents submitted as part of the original application for authorisation are still sufficiently up-to-date. However, since most institutions have held their authorisations for some time, the administrative practice in Germany seems to request all documents again.

2. ONGOING REQUIREMENTS AND CONDUCT OBLIGATIONS FOR CROWDFUNDING SERVICES

2.1 Duties to act

The ECSPR imposes general requirements on crowdfunding service providers that are already known in a similar way from the German Securities Trading Act (WpHG) and MiFID II. Crowdfunding service providers must act "*honestly, fairly and professionally*" and in the best interests of their clients. Crowdfunding service providers should offer investors the crowdfunding offers in a neutral manner. Therefore, they must not pay or accept any remuneration, discount or non-monetary benefit for routing investor's orders to a particular crowdfunding offer.

In the context of brokerage, ECSPR basically wants the investor to make the investment decision in each case. When managing loan portfolios, the respective parameters set by the investor must be followed and the best result needs to be achieved for the investor. The decision-making process must then be disclosed to the investor. In this case, the investor does not have to make every investment decision himself.

Special purpose vehicles (SPVs) may only be used in certain cases (see section 1.2(c) above). In this regard, the ESMA has already published a document with questions and answers (Q&As).

2.2 Management

The ECSPR requires effective and prudent management. This includes segregation of duties, business continuity in the event of a crisis and prevention of conflicts of interest.

The management shall establish systems and controls to assess the risks of the loans intermediated. The crowdfunding service provider shall take this assessment into account when setting the price for the crowdfunding offer.

2.3 Due diligence on project owners

Before a crowdfunding service provider publishes an offering, the project owner (such as the borrower or issuer of the securities) needs to be reviewed carefully. This includes that the crowdfunding service provider checks whether the project owner has certain criminal records. It must also check that the project owner is not located in a high-risk country for money laundering or in a country classified as non-cooperative.

2.4 Complaints

The ECSPR also sets out certain requirements on how complaints from clients are to be handled. ESMA has already consulted on regulatory technical standards on rules, standard formats and procedures for complaint handling submitted to the European Commission on 10 November 2021, which resulted in so called level-2 measures (Del Regulation (EU) 2022/2117).

Customers must be able to complain free of charge. They must be dealt with promptly, fairly and consistently. A description of these procedures must be published and, inter alia, include a detailed description of the form of the complaint.

2.5 Conflicts of interest

The ECSPR aims to prevent conflicts of interest. Therefore, crowdfunding service providers must adopt corresponding internal regulations and disclose the nature and cause of conflicts of interest on their website. This principle is also known from the German Securities Trading Act (WpHG) and MiFID II.

In order to avoid conflicts of interest, the ECSPR also prohibits a crowdfunding service provider from holding interests in crowdfunding offers brokered on its platform. Project owners holding 20% or more of the capital shares or voting rights of the crowdfunding service provider may not be intermediated. Likewise, members of the management or employees of the crowdfunding service provider as well as persons associated with the shareholders, members of the management or employees may not act as project owners. It must be disclosed, if these persons are admitted as investors on the platform. The investment of these persons must be made on the same terms as those offered to other investors.

To this end, ESMA consulted on regulatory technical standards on the detailed requirements submitted to the European Commission on 10 November 2021. On 13 July 2022, the so called level-2 measures in form of Del Regulation (EU) 2022/2111 was enacted.

2.6 Capital requirements

The capital requirements are simplified compared to credit institutions and financial services institutions/investment firms. Thus, a minimum capital of one quarter of the previous year's annually reviewed fixed overheads, but at least EUR 25 000, is required. The fixed overheads also include the costs of servicing loans if the crowdfunding service provider also arranges the granting of loans.

The capital must be available either in the form of own funds (Common Equity Tier 1 items according to CRR), in the form of insurance or comparable guarantee or a combination of both. Special rules exist for credit institutions, financial services institutions/investment firms, payment institutions and e-money institutions.

2.7 Payment services and asset safekeeping

In order to structure the processes on a crowdfunding platform in a simple and effective way, it makes sense for the crowdfunding service provider to both take over and manage the payments and to hold the crowdfunding instruments in custody for the investors. However, the ECSPR does not prevent conflicting permission requirements (such as under PSD2, implemented in Germany in the Payment Services Supervision Act

(*Zahlungsdiensteaufsichtsgesetz - ZAG*) or the German Banking Act (*KWG*); rather, it stipulates that a crowdfunding service provider wishing to offer safekeeping of client assets or the provision of payment services requires a corresponding permission under MiFID II/CRD IV or PSD2. Alternatively, a third party may provide safekeeping or payment services that has the appropriate permission.

The use of exemptions under PSD2 does not seem possible according to ESMA's comments in its Q&As.

A variant of cooperation with a payment service provider can be the appointment as agent (PSD2/payment service agent) by a payment institution. This gives the crowdfunding service provider the opportunity to execute payment services itself on behalf of and under the liability of a payment institution and thus retain control over the payment flow.

3. CURRENT CROWDFUNDING MODELS IN GERMANY UNDER THE CROWDFUNDING REGULATION

3.1 Credit-based crowdfunding - crowdlending

Crowdlending platforms have so far had various design options - and thus always the requirement to find out whether and which licence they need. This ranged from a permit as a credit broker under the German Trade Regulation Ordinance (*GewO*) to a MiFID-license under the German Banking Act (*KWG*) or the German Investment Firm Act (*WpIG*). In the future, permission under the ECSPR will be sufficient for crowdlending platforms (within the scope of the ECSPR). This will facilitate the structuring and authorisation process for crowdlending platforms.

Until now, crowdlending platforms often work together with licensed institutions (fronting banks) acting on their own behalf and/or broker subordinated loans. As already mentioned above (see section 1.2(a)), the ECSPR remedies this situation to the extent that project owners and investors on a crowdlending platform will not need a licence as a credit institution in the future if they accept or grant the loans brokered by the crowdlending service provider.

However, crowdlending platforms will only be allowed to provide payment services in the future if they are payment service providers under the Payment Services Supervision Act or its EU legal basis, the PSD2, or under the law of another EU member state (see section 2.7).

3.2 Investment-based crowdfunding - crowdfunding

Crowdfunding, unlike crowdlending, does not involve brokering a loan, but rather profit-sharing, debt instruments or shares in the project owners.

Crowdfunding platforms have also generally required a permit under the German Trade Regulation Ordinance (*GewO*), the German Banking Act (*KWG*) or the German Investment Firm Act (*WpIG*). Here, too, permission under the ECSPR will suffice for crowdfunding platforms in the future.

In addition, there is usually also a prospectus obligation under the Prospectus Regulation and the German Securities Prospectus Act (*WpPG*) or the Asset Investment Act (*VermAnIG*). Insofar as the crowdfunding platform meets certain requirements, it is possible to prepare only a securities information sheet or an asset investment information sheet instead of a prospectus; in certain cases, a KID needs to be drawn up according to the PRIIPs Regulation. The crowdfunding platform must therefore always delimit and check which documents it must provide to the investor. In the future, the key investment information sheet (KIIS) (further details see section 6) will take over investor education for crowdfunding. This also simplifies the work of the crowdfunding platform.

3.3 Tied Agents

A material number of crowdfunding platforms in Germany currently act as tied agents for credit institutions or investment firms. Both the German Banking Act (*KWG*) and the German Investment Firm Act (*WpIG*) make special provisions for tied agents (implementing MiFID II). As a tied agent, the crowdfunding platform operates under the liability umbrella of the institution and performs the regulated activity exclusively for the account and under the liability of the respective institution.

The ECSPR does not have a corresponding regulation. In its Q&As, the ESMA therefore states that the ECSPR does not provide a legal framework for tied agents. Therefore, tied agents would not be able to provide crowdfunding services on behalf of the crowdfunding service provider under the ECSPR. However, the crowdfunding service provider could appoint tied agents to promote the crowd funding service provider's

services. Such activity would then be subject to the respective national law. However, ESMA does not provide more detailed information on the promotion activity. BaFin has adopted this answer of ESMA in its administrative practice.

Against this background, new structuring efforts can now be made to enable crowdfunding platforms to operate without their own license. However, this will probably be more onerous than before under the regulations for tied agents.

According to the prevailing view, the regulations on the tied agents are only a special form of outsourcing. The ECSPR also contains provisions on outsourcing. Recital 27 of the ECSPR also emphasises that

"In the interest of the efficient and smooth provision of crowdfunding services, crowdfunding service providers should be allowed to entrust any operational function, in whole or in part, to a third party provided that such outsourcing does not impair the quality of crowdfunding service providers' internal controls or the effective supervision of the crowdfunding service providers. Crowdfunding service providers should however remain fully responsible for compliance with this Regulation with respect to the outsourced activities."

The requirements of the ECSPR (regulated in Article 9 of the ECSPR) for outsourcing are very rudimentary compared to the specific regulations of the German Banking Act (*KWG*) and German Investment Firm Act (*WpIG*) (specified in BaFin's *MaRisk* and *Delegated Regulation (EU) 2017/565*).

The ECSPR can be understood here in such a way that outsourcing to third parties can take place as long as ultimate responsibility remains with the crowdfunding service provider and the quality of the crowdfunding service provider's internal control is not compromised.

However, it is problematic that the current German crowdfunding platforms, which act as tied agents, usually operate the platform themselves and only provide the regulated activity under the liability umbrella. This division of activity and responsibility seems to face certain difficulties under the ECSPR. Under the ECSPR, the crowdfunding service must be provided with the help of a crowdfunding platform operated by the crowdfunding service provider. Therefore, attention must be paid here to the proper design of the cooperation and outsourcing. It remains to be seen whether it will be possible to set up a service-crowdfunding financing platform comparable to the well-known service-fund manager under the German Capital Investment Code (*KAGB*) or white-label solutions for other banking services. In this respect, ESMA has already indicated in its Q&As that a crowdfunding service provider may use different trade names (as long as this is not contrary to acting honestly, fairly and professionally).

Another question is whether a tied agents can obtain an authorization under the ECSPR and only operate under a liability umbrella for those intermediations that do not fall under the ECSPR (such as offers larger than EUR 5 million). However, BaFin probably rejects a coincidence of ECSPR permit and tied agent in one company, so that two different companies have to be used here.

4. ANTI-MONEY LAUNDERING OBLIGATIONS OF CROWDFUNDING SERVICE PROVIDERS

4.1 Obligated entity?

In the context of the obligations under anti-money laundering law, the first question is whether crowdfunding service providers are obliged entities within the meaning of the German Money Laundering Act (*Geldwäschegesetz - GwG*) (the implementation of the European Anti-Money Laundering Directives). Obligated entities are subject to certain duties of care and organisation, such as customer due diligence (KYC) when entering into business relationships, such as the identification of the contractual partner, or certain risk management requirements.

The German Money Laundering Act and also the European directives on money laundering do not include crowdfunding service providers in the list of obliged entities so far. Instead, after consulting the ESMA and the European Banking Authority (EBA), the European Commission is to submit a report to the European Parliament and the Council by 10 November 2023 in which it will assess, among other things, the necessity and proportionality of subjecting crowdfunding service providers to obligations for compliance with national implementations of the Anti-Money Laundering Directive.

Should the Commission's report come to the conclusion that the money laundering risk of crowdfunding service providers is higher than currently assumed, it is likely that crowdfunding service providers will be included in

the scope of the Anti-Money Laundering Directive. However, until such time as the adapted Anti-Money Laundering Directive is implemented (or gold-plating is made in Member States), crowdfunding service providers are not obliged entities under anti-money laundering law.

Many of the crowdfunding service providers already operating in Germany are subject to obligations under anti-money laundering law under the current legal situation (either as investment firm or as financial investment broker). To the extent that they surrender their permit after obtaining an authorisation under the ECSPR, they are no longer subject to the obligations of the German Money Laundering Act. However, they will often maintain their previous permit (for example, for the area of their activity that is not covered by the ECSPR - issues over 5 million euros). Do the due diligence obligations under anti-money laundering law then also have to be applied in relation to those customers served under the ECSPR authorisation?

4.2 Other obligations in relation to money laundering law

Even if crowdfunding service providers are not themselves subject to anti-money laundering obligations, there are nevertheless provisions in the ECSPR that serve to combat money laundering:

(a) Assessment in the authorisation procedure

The national competent authority checks the reliability of the management of the crowdfunding service provider as part of the application for authorisation. For this purpose, the applicant must provide evidence that the management and all shareholders who hold at least 20% of the crowdfunding service provider have no criminal record for violations of anti-money laundering law. For this purpose, a certificate of good conduct, which does not contain any entries, together with a declaration of reliability (as known from the previous licensing procedures) will probably be sufficient.

In addition, the permission of the crowdfunding service provider can also be withdrawn if it commits money laundering offences.

(b) Examination of the project owners

The crowdfunding service provider is required to conduct an audit of the project owners. This audit can be considered as a kind of *KYC-light* (*know your customer*). The ECSPR does not specify the exact scope of the audit.

However, as a minimum requirement, it requires, among other things, that the crowdfunding service provider obtains evidence that the project owner has no criminal record for violations of anti-money laundering laws. In addition, the crowdfunding service provider must verify that the project owner is not established in a country or territory that is considered a "non-cooperative jurisdiction" or a "high-risk third country" under the Anti-Money Laundering Directive.

(c) Payment services

The requirement that the crowdfunding service provider may only cooperate with authorised payment service providers (or must itself hold such authorisation) in order to provide the payment services necessary for crowdfunding is also a precautionary measure from an anti-money laundering perspective. Thus, the payment service provider (or the crowdfunding service provider that itself holds such a licence) is obliged to identify the customers.

(d) General compliance principles

In addition, crowdfunding service providers should also observe the general compliance principles in order to avoid money laundering. A money laundering case within the crowdfunding platform would not only create bad press for the crowdfunding service provider, but also carries the risk of criminal liability for the management and employees of the crowdfunding service provider.

5. INVESTOR PROTECTION

The ECSPR takes a wide variety of precautions to protect investors. A key component is the key investment information sheet (KIIS) (see section 6). Investor protection also includes the requirements for knowledge testing and simulation of the ability to bear losses.

5.1 Entry knowledge test

Similar to the appropriateness test that investment firms must conduct under the WpHG/MiFID II and financial investment brokers must conduct under the German FinVermV, crowdfunding service providers must also conduct a knowledge test for non-sophisticated investors.

The distinction between "non-sophisticated investors" and "sophisticated investors" is made in that all investors who do not meet the requirements for sophisticated investors are non-sophisticated investors. Sophisticated investors are all natural or legal persons who are so-called born professional clients under MiFID II, or for whom the crowdfunding service provider has obtained approval for treatment as a sophisticated investor in accordance with the criteria and procedure set out in Annex II of the ECSPR.

For the knowledge check, the crowdfunding service provider shall collect information on the experience, investment objectives, financial situation and basic understanding of the potential non-sophisticated investors regarding the risks associated with investments in general and with the types of investments offered on the crowdfunding platform in particular. This particularly includes information on previous investments and understanding with regard to the risks associated with the investment, as well as professional experience in connection with crowdfunding investments. Technical regulatory standards should regulate specific requirements in this regard.

5.2 Loss absorption/investment thresholds

Investment thresholds for retail investors are already known from the WpHG, WpPG and VermAnlG. These are EUR 1,000, EUR 10,000 (in the case of freely disposable assets of at least EUR 100,000) or twice the monthly net income, up to a maximum of EUR 25,000. The calculation is based on a self-disclosure of the investor.

A similar procedure is also required for crowdfunding service providers. First, they must obtain a self-disclosure of net assets and simulate a 10% loss. Insofar as the investor wishes to invest more than 1,000 euros or an amount equivalent to 5% of his net assets, the investor must receive a risk notice and expressly give his consent. In addition, he must prove (e.g. by means of the knowledge test) that he has understood the investment and the risks.

6. THE KEY INVESTMENT INFORMATION SHEET (KIIS) FOR CROWDFUNDING OFFERS

6.1 Basic obligation

Crowdfunding service providers must provide a so-called key investment information sheet (KIIS) for crowdfunding offers. The KIIS is to be prepared by the project owner.

As the ECSPR has a single European market in mind, it also imposes requirements on the language of the KIIS. The KIIS must be written in the official language of the competent Member State (or another language accepted by its competent authority). In addition, to the extent that the crowdfunding service provider also promotes its offers in other Member States, the KIIS shall be made available to investors in the official language of that Member State (or in a language accepted by the competent authorities of that Member State). Other language versions may be published by the crowdfunding service provider at any time. ESMA publishes on its website the languages accepted by the relevant competent authority for a Member State (see section 10.2).

6.2 Applicability/transitional rules

As is known, the ECSPR is to be applied as of 10 November 2021. At the same time, there is a transitional period extended until 10 November 2023. During the transitional period, crowdfunding service providers (to the extent they have not yet been granted permission under the ECSPR) may continue to provide crowdfunding services falling within the scope of the ECSPR in accordance with the applicable national legislation.

The impact of the transitional rules on the KIIS is not clearly set out in the ECSPR. However, according to our interpretation, crowdfunding can initially continue as before (i.e. a securities or asset investment prospectus or a securities or asset investment information sheet can only be replaced by a KIIS once the crowdfunding service provider has received its permission under the ECSPR). The question of whether the previous prospectus requirements continue to apply for the time being is of particular importance, especially with regard to the potential liability of the crowdfunding service provider and its management.

6.3 Contents of the key investment information sheet

The ECSPR regulates in its Annex I the content of the KIIS. This must contain information on various categories:

(a) Information about the project owner and the crowdfunding project

The KIIS must provide information on the project owner. This includes the project owner's identity, legal form, ownership, management and contact details. In addition, all natural and legal persons responsible for the information in the KIIS must be indicated. These persons must make the following declaration in the KIIS:

"The project owner declares that, to the best of its knowledge, no information has been omitted or is materially misleading or inaccurate. The project owner is responsible for the preparation of this key investment information sheet."

The KIIS must identify the main activity of the project owner and the products and/or services offered by the project owner. Certain financial figures must be disclosed and, if the project owner publishes annual accounts, a link to the most recent annual accounts must be included in the KIIS.

The KIIS must also describe the crowdfunding project. The purpose and the main characteristics of the project must be stated.

(b) Main features of the crowdfunding scheme and, as applicable, conditions for the capital raising or funds borrowing

The KIIS must describe the crowdfunding process. For this purpose, the minimum target capital to be raised or target funds to be borrowed in the crowdfunding offer as well as the number of offers already carried out for the crowdfunding project by the project owner or crowdfunding service provider must be named. The deadline for reaching the target capital or target funds must be stated.

The KIIS must provide information on what happens if the target capital or target funds are not reached by the deadline. If there is a maximum bid amount in addition to the target capital or target funds, information must also be provided about this.

For the assessment of the project by the investors, the own funds committed to the project by the project owner is also relevant. Therefore, the amount of own funds provided by the project owner for the crowdfunding project must be disclosed. Any changes in the composition of the project owner's capital or loans in connection with the crowdfunding offer must also be disclosed.

Non-sophisticated investors (for the criteria for classification, see Annex II of the ECSPR and section 5.1 above) must be made aware of the existence and conditions of a pre-contractual reflection period.

(c) Risk factors

The KIIS shall set out the main risks associated with the funding of the crowdfunding project, the sector, the project, the project owner and the transferable securities, admitted instruments for crowdfunding purposes or loans, including geographical risks, where applicable.

(d) Transferable securities and admitted instruments for crowdfunding purposes

The content requirements distinguish between the requirements for KIIS for transferable securities and admitted instruments for crowdfunding purposes (i.e. *investment-based crowdfunding*) on the one hand and loans (i.e. *lending-based crowdfunding*) on the other.

For *investment-based crowdfunding*, the following information must be provided:

(i) Information related to the offer of transferable securities and admitted instruments for crowdfunding purposes

The KIIS must set out the total amount and type of transferable securities or admitted instruments for crowdfunding purposes ("**investment instruments**") to be offered.

The subscription price and the possibility of oversubscription must also be indicated. The KIIS must contain the subscription and payment terms.

The KIIS must contain information on the custody of the investment instruments for the investor and their delivery to the investor.

If the investment is secured by a guarantee or collateral, the project owner must provide the identity, legal form and contact details of the guarantor or collateral provider, as well as information on the nature and terms of the guarantee or collateral.

To the extent that the project owner undertakes to repurchase the investment instruments, the investor must be informed thereof and the period for such repurchase must be specified in the KIIS.

To the extent that the investment vehicle is not equity based, the nominal interest rate, the date from which interest is payable, the due dates for interest payments, the maturity and the applicable yield must be designated in the KIIS.

(ii) Information on special purpose vehicles

The project owner must indicate in the KIIS whether an SPV is interposed between the project owner and the investor. If this is the case, the contact details of the special purpose vehicle must be provided.

(iii) Investor rights

The KIIS must also present the rights of investors. This includes, on the one hand, the rights associated with the investment instruments, but also possible restrictions to which the investment instruments are subject, for example on the basis of agreements in partnership agreements or other agreements that prevent transferability (restrictions on transferability).

The restrictions on the transfer options of the investment instruments must be described. In addition, the other ways in which an investor can exit the investment must also be presented in the KIIS. Insofar as the investment instrument is an equity instrument, the distribution of capital and voting rights before and after the capital increase resulting from the offer (assuming that all investment instruments are subscribed) must be stated.

(e) Disclosures related to loans

For *lending-based crowdfunding* the following information must be provided.

If the crowdfunding offer provides for credit intermediation, the above information does not fit. Therefore, a KIIS for loans need not include this information. Instead, the KIIS must include the following information:

The project owner must provide information in the KIIS on the type, maturity and terms of the loan. The applicable interest rates or other investor remuneration, if any, must be presented. Risk mitigation measures, including available guarantors or other types of collateral, must also be disclosed.

The KIIS must include the repayment schedule for the loan amount and payment of interest. In addition, any default by the project owner on loan agreements in the last five years must be disclosed. The KIIS must also include the servicing of the loan and set out the provisions that will apply if the promoter defaults on its obligations.

(f) Fees, information and legal redress

Further disclosure obligations arise in relation to the fees charged to the investor in connection with the investment and the costs incurred by the investor in connection with the investment, including administrative costs as a result of the disposal of admitted instruments for crowdfunding purposes.

The KIIS must provide information on where and how additional information on the crowdfunding project, the project owner and the special purpose vehicle can be requested free of charge.

With regard to the project owner, the KIIS must also include any default by the project owner on loan agreements in the previous five years.

In addition, the KIIS must indicate to whom the investor may address a complaint about the investment or the conduct of the project owner or the crowdfunding service provider and the manner in which this may be done.

(g) Information on individual portfolio management of loans to be provided by crowdfunding service providers

The crowdfunding service provider is subject to certain disclosure obligations if it manages loan portfolios for investors. The KIIS must then contain information on the identity, legal form, ownership, management and contact details.

The KIIS must disclose the minimum and maximum interest rate for loans, if any, available to an investor's individual portfolio. Similarly, the minimum and maximum maturity of loans, if any, available to an investor's individual portfolio must be disclosed.

Depending on the design of the administration, the range and distribution of risk categories into which the loans fall, default rates and a weighted average interest rate per risk category with a further breakdown by years in which the loans were granted through the crowdfunding service provider shall be disclosed.

The crowdfunding service provider must also disclose the key elements of the internal methodology used to assess the credit risk of each crowdfunding project and to determine the risk categories.

Where a target rate of return on investment is offered in respect of investments, an annual target rate and its confidence interval of this annualized target rate over the investment period, taking into account fees and default rates, must be provided.

The crowdfunding service provider must indicate procedures, internal methods and criteria for the selection of crowdfunding projects for the investor's individual loan portfolio. Coverage and terms of applicable capital guarantees must be presented. The servicing of portfolio loans must be disclosed, including for cases where the project owner fails to meet its obligations.

The crowdfunding service provider must outline its risk diversification strategies in the KIIS and indicate the fees payable by the project owner or investor, including any deductions for interest payable by the project owner.

6.4 Presentation in the key investment information sheet

The KIIS shall be fair, clear and not misleading. It shall not contain footnotes, with the exception of references to, and where appropriate quotations from, applicable law. It shall be provided in a stand-alone, durable medium, clearly distinguishable from marketing communications, and shall not exceed six sides of A4-sized paper format if printed.

6.5 Mandatory disclaimer and risk warnings

The ECSPR requires the inclusion of the following text as a disclaimer directly under the title of the KIIS:

"This crowdfunding offer has been neither verified nor approved by competent authorities or the European Securities and Markets Authority (ESMA).

The appropriateness of your experience and knowledge have not necessarily been assessed before you were granted access to this investment. By making this investment, you assume full risk of taking this investment, including the risk of partial or entire loss of the money invested."

In addition, the KIIS must contain the following risk warning:

*"Investment in this crowdfunding project entails risks, including the risk of partial or entire loss of the money invested. Your investment is not covered by the deposit guarantee schemes established in accordance with Directive 2014/49/EU of the European Parliament and of the Council (*1). Nor is your investment covered by the investor compensation schemes established in accordance with Directive 97/9/EC of the European Parliament and of the Council (*2).*

You may not receive any return on your investment.

This is not a savings product and we advise you not to invest more than 10 % of your net worth in crowdfunding projects.

You may not be able to sell the investment instruments when you wish. If you are able to sell them, you may nonetheless incur losses.

*(*1) Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173, 12.6.2014, p. 149)."*

*(*2) Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes (OJ L 84, 26.3.1997, p. 22)."*

German crowdfunding service providers are already familiar with similar requirements from the German Investment Act (*VermAnlG*), although the wording of the ECSPR differs from the German Investment Act (*VermAnlG*).

7. CROSS-BORDER PROVISION OF CROWDFUNDING – PASSPORTING UNDER THE ECSPR

Obtaining permission from the relevant home country regulator is the first step for the crowdfunding service provider to operate. In order to ensure that crowdfunding is not limited to the home country and that the decisive advantage of the ECSPR - the Europe-wide provision of services - can be used, a so-called EU passport must be issued. The first step in this process is a notification to its home country regulator (i.e., the authority that has already issued the authorisation).

The notification should first contain a list of the member states in which the crowdfunding service provider wishes to provide the crowdfunding services. Thus, a German crowdfunding service provider that wants to expand its services to the Netherlands enters the Netherlands here.

In addition, the advertisement should name the identity of the natural and legal persons responsible for providing the crowdfunding services to the host Member State, as well as the start date of the intended provision of the crowdfunding services by the crowdfunding service provider. Last but not least, it must also be indicated which other activities carried out by the swarm funding service provider, but not covered by the ECSPR, are to be provided in the host Member State.

After the notification has been submitted, the crowdfunding service provider has to wait a bit. The home supervisor (BaFin in our example) communicates the information from the notification to the host supervisor (AFM in the Netherlands in our example) and ESMA within 10 working days of receipt of the notification. ESMA maintains a register of crowdfunding service providers in which the notification is noted. The home country supervisor informs the crowdfunding service provider that the notification has been passed on.

The crowdfunding service provider may start providing crowdfunding services in the host Member State as soon as it has received the information about the disclosure from the home supervisor, but no later than 15 calendar days after its notification.

8. THE TRANSITION PERIOD FOR CROWDFUNDING SERVICE PROVIDERS

In practice, the question arises as to how crowdfunding service providers can handle the transition between the old national crowdfunding regime and the regulations of the ECSPR best.

8.1 Basic regulations of the ECSPR

The ECSPR lays down basic rules on its entry into force and the date of applicability. It provides a transition period to allow crowdfunding service providers to adjust to the new requirements and apply for a license. The transition period started on 10 November 2021 and is to run (initially) until 10 November 2022. After some discussions about an extension, the transition period is now to be extended until November 10, 2023.

Crowdfunding service providers active before the ECSPR started to apply will therefore not have to comply with the requirements of the ECSPR until 10 November 2023 or from the date of obtaining license under the ECSPR. The earlier of the two dates is deemed to be the decisive date. This means that for the time being, crowdfunding service providers can continue to provide crowdfunding services under the previously applicable national regulations. The main German regulations are set out in the German Banking Act/Investment Firm Act (*Kreditwesengesetz/Wertpapierinstitutsgesetz*), the German Trade Regulation Ordinance (*Gewerbeordnung*) and the German Asset Investment Act (*Vermögensanlagegesetz*).

8.2 The license requirement in the transition

Currently operating crowdfunding service providers can submit their license applications to the national supervisory authorities, in Germany the BaFin. The first crowdfunding service providers have already done so and some European countries already granted authorisations.

Until the granting of the licence (or 10 November 2023), it remains the case that these crowdfunding service providers (depending on the structure of their activities) require and must maintain a licence under the German Banking Act/Investment Firm Act or the German Trade Regulation Ordinance.

ESMA's Q&As on the ECSPR clarify that the transitional regime only applies to previously operating crowdfunding service providers. If someone wants to take up the activity for the first time, he must first successfully go through the license procedure. Whether the activity of the liability umbrella is to be taken into account in the case of a tied agent is an open question.

8.3 Prospectus obligations in transition

For crowdfunding offers, either investor information for asset investments (i.e., asset investment information sheets (VIB) or asset investment prospectuses) or securities (i.e., securities information sheets (WIB) or securities prospectuses) are currently prepared under German law. These must meet the requirements of the German Asset Investment Act or the EU Prospectus Regulation in conjunction with the German Securities Prospectus Act.

Under the ECSPR, crowdfunding service providers must provide potential investors with a key investment information sheet (KIIS) prepared by the project owners for each crowdfunding offering (see more detailed under section 6). The ECSPR and the draft regulatory technical standards prepared by ESMA (which will be released as level 2 measures in due course) impose certain requirements on the key investor information sheet. These differ in content from the requirements for asset investment information sheets (VIB), asset investment prospectuses, securities information sheets (WIB) and securities prospectuses. This poses a particular difficulty for crowdfunding service providers who are still in the licensing process. From the time license is granted, the provision of previous investor information (such as the VIB) does not meet the legal requirements. Ongoing offers must be interrupted and a key investment information sheet must be published in accordance with the requirements of the ECSPR. The challenge is increased by the fact that it is not a fixed date from which the key investment information sheets are required, but this is linked to the individual date of the granting of license by the supervisory authority. There are no transitional provisions or regulations to protect the status quo, as was the case with the German Retail Investor Protection Act (*Kleinanlegerschutzgesetz*).

We therefore recommend that crowdfunding service providers discuss this problem with BaFin in the licensing procedure and, in case of doubt, prepare two investor information sheets for an offer, one under the previous legal situation and one key investment information sheet.

9. CROWDFUNDING REGULATION AND CRYPTO TOKENS

9.1 Are crypto tokens covered by the ECSPR at all?

The recital (15) of the ECSPR make a statement about crypto tokens when it refers to initial coin offerings:

"Whilst initial coin offerings have the potential to fund SMEs, innovative start-ups and scale-ups, and can accelerate technology transfer, their characteristics differ considerably from crowdfunding services regulated under this Regulation."

However, this does not mean that all crypto tokens fall outside the scope of the ECSPR. Both the German version ("*Ausgabe neuer virtueller Krypto-Token*") and the French version ("*offres initiales de jetons*") are somewhat unclear in their respective language versions. If we look at the English version, on the other hand, it does not speak of crypto tokens, but of the term "*initial coin offerings*", which is a common term in the market. Initial coin offerings, or ICOs for short, are not generally understood to mean the issuance of any tokens, but usually only those that qualify as utility tokens or currency tokens in general usage. The issuance of security tokens, on the other hand, is referred to as a Security Token Offering - STO.

It therefore seems obvious that only ICOs should not fall under the ECSPR, whereas STOs can in principle fall under the ECSPR. This is also supported by the indication that the characteristics of ICOs differ too much from those of crowdfunding. This is because security tokens do have parallels to crowdfunding. Therefore, investment instruments do not fall outside the scope of the Regulation solely because they are crypto token.

9.2 Which tokens are covered by the ECSPR?

The ECSPR applies in principle to crowdfunding services. These are activities for the intermediation of loans or the placement or intermediation of transferable securities and instruments authorised for crowdfunding

purposes. Thus, tokens can fall under the ECSPR if they are a loan, a transferable security or an instrument authorised for crowdfunding purposes.

Utility tokens and currency tokens are generally structured in such a way that they do not fall under either the concept of a loan or the concept of a transferable security. The ECSPR defines loan as

"an agreement whereby an investor makes available to a project owner an agreed amount of money for an agreed period of time and whereby the project owner assumes an unconditional obligation to repay that amount to the investor, together with the accrued interest, in accordance with the instalment payment schedule;"

Utility tokens are usually structured in such a way that the acquirer receives a good or service, but no repayment of the amount paid. Currency tokens are also not usually structured as a loan.

Security tokens, on the other hand, regularly fall under the concept of transferable securities - at least in the opinion of the German Federal Financial Supervisory Authority (BaFin).

9.3 What special features apply to security tokens issued by way of crowdfunding?

As BaFin qualifies security tokens as transferable securities, their issuance is subject to the preparation and publication of a securities prospectus within the meaning of the Prospectus Regulation (Regulation (EU) 2017/1129). Under an exemption from the Securities Prospectus Act, the preparation of a securities information sheet may also be sufficient. This obligation now changes for security tokens issued by way of crowdfunding.

The obligation to publish a prospectus under the Prospectus Regulation will not apply in the future if the offer is made by an authorised crowdfunding service provider and the threshold of not more than EUR 5,000,000 has been met. The German Securities Prospectus Act also does not apply to such an offer.

Thus, in the future, only the regulations of the ECSPR are applicable to STOs via crowdfunding service providers, but not those of the Prospectus Regulation or the Securities Prospectus Act.

10. ESMA PUBLISHES REPORTING FROM NATIONAL SUPERVISORY AUTHORITIES

ESMA has published an update of the various notifications it has received from national supervisors (as of 30 November 2022). The full reporting from ESMA is available [here](#).

10.1 Types of limited liability companies and their shares - Art. 2(3) ECSPR

The national supervisory authorities (in Germany, BaFin) are to inform ESMA annually of the types of limited liability companies and their shares offered under the ECSPR.

Various supervisory authorities have reported company forms. Other supervisory authorities, including the German BaFin and the Austrian FMA, have reported that there are no company forms. This means that shares in GmbHs remain excluded from the scope of application of the ECSPR and equity crowdfunding remains difficult.

EU Member State	National Competent Authority	Types of limited liability companies and their shares
Austria	Financial Market Authority (FMA)	None
Belgium	Financial Services and Markets Authority (FSMA)	None
Czech Republic	Czech National Bank (CNB)	None
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	None
Estonia	Estonian Financial Supervision Authority (FSA)	Osaühing (OÜ)
Greece	Hellenic Capital Market Commission (HCMC)	None

Spain	Comisión Nacional del Mercado de Valores (CNMV)	Sociedad de Responsabilidad Limitada (S.R.L.) or Sociedad Limitada (S.L.)
Finland	Finanssivalvonta (FSA)	Finnish: Osakeyhtiö (Oy) Swedish: Aktiebolag (Ab)
Croatia	Hrvatska agencija za nadzor financijskih usluga (HANFA)	Currently in the process of communicating with the Ministry of Justice regarding the inclusion of limited liability companies established under the Company law of the Republic of Croatia in the scope of “admitted instruments for crowdfunding purposes”.
Hungary	Magyar Nemzeti Bank (MNB)	None
Ireland	Central Bank of Ireland	Irish: Teoranta (Teo) - Cuideachta Ghníomhaíochta Ainmnithe (C.G.A.) English: Private company limited by shares (LTD) - Designated activity company (DAC)
Italy	Commissione Nazionale per le Società e la Borsa (CONSOB) and Bank of Italy	Società a responsabilità limitata (S.r.l.)
Latvia	Financial and Capital Market Commission (FCMC)	Sabiedrība ar ierobežotu atbildību (SIA)
Lithuania	Bank of Lithuania	None
Luxemburg	Commission de Surveillance du Secteur Financier (CSSF)	None
Malta	Malta Financial Services Authority (MFSA)	None
The Netherlands	Netherlands Authority for the Financial Markets (AFM)	Besloten Vennootschap (B.V.)
Romania	Romanian Financial Supervisory Authority (ASF)	Societate cu raspundere limitata (S.R.L.)

10.2 Permitted languages - Art. 23(5) ECSPR

National competent authorities must also notify ESMA of the language or languages they accept for key investment information sheets. While many countries accept several languages (in particular English in addition to the respective national language), the German BaFin only allows German as a language. The same applies to the Austrian FMA. Luxembourg and Belgium accept most languages (Luxembourgish respectively Dutch, German, French, English), with the exception of English, the other languages being official languages there anyway.

EU Member State	National Competent Authority	Permitted Languages
Austria	Financial Market Authority (FMA)	German
Belgium	Financial Services and Markets Authority (FSMA)	Dutch, French, German, English (all four subject to legislation on the use of languages and art. 5 of the Crowdfunding Act)
Czech Republic	Czech National Bank (CNB)	Czech
Croatia	Hrvatska agencija za nadzor financijskih usluga (HANFA)	Croatian, English (In exceptional circumstances, HANFA may accept a KIIS in languages other than Croatian and English, if concluded that it would not negatively affect the interests of retail investors to whom the

individual offer is being distributed)

Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	German
Estonia	Estonian Financial Supervision Authority (FSA)	Estonian
Greece	Hellenic Capital Market Commission (HCMC)	Greek
Spain	Comisión Nacional del Mercado de Valores (CNMV)	Spanish, English, Official languages in the respective Autonomous Communities (to be used only in their respective Autonomous Community)
Finland	Finanssivalvonta (FSA)	Finnish, Swedish
Hungary	Magyar Nemzeti Bank (MNB)	Hungarian, English
Ireland	Central Bank of Ireland	Irish, English
Italy	Commissione Nazionale per le Società e la Borsa (CONSOB) and Bank of Italy	Italian
Luxembourg	Commission de Surveillance du Secteur Financier (CSSF)	Luxembourgish, German, French, English
Latvia	Financial and Capital Market Commission (FCMC)	Latvian
Lithuania	Bank of Lithuania	Lithuanian
Malta	Malta Financial Services Authority (MFSA)	English, Maltese
The Netherlands	Netherlands Authority for the Financial Markets (AFM)	Netherlands (Dutch)
Romania	Romanian Financial Supervisory Authority (ASF)	Romanian
Slovakia	National Bank of Slovakia (NBS)	Slovak

10.3 Laws, regulations and administrative provisions for marketing communications – Art. 28(2) ECSPR

Another reporting obligation of the national supervisory authorities exists with regard to the laws, regulations and administrative provisions for marketing communications of crowdfunding service providers that are supervised and enforced by them. While the Austrian FMA refers to the regulation of the Austrian Crowdfunding Implementation Act (*Schwarmfinanzierung-Vollzugsgesetz*), the German BaFin reports that there are no such regulations in Germany. It does not refer to the German Crowdfunding Implementation Act (*Schwarmfinanzierung-Begleitgesetz*), which amended the German Securities Trading Act (*WpHG*), among other things.

10.4 Information on the complaints procedures – Art. 38(2) ECSPR

The national supervisory authorities shall inform ESMA about the procedures that allow, inter alia, clients to submit complaints against crowdfunding service providers to them. BaFin and the Austrian FMA each refer in this respect to their general consumer information on complaints against supervised entities, which is not specifically addressed to crowdfunding service providers.

EU Member State	National Competent Authority	Permitted Languages
Austria	Financial Market Authority (FMA)	German: https://www.fma.gv.at/beschwerden-ueber-beaufsichtigte-unternehmeneinbringen/

		English: https://www.fma.gv.at/en/complaints-and-consumer-enquiries/
Belgium	Financial Services and Markets Authority (FSMA)	French: https://www.fsma.be/fr/prestataires-de-services-de-financement-participatifplateformes-de-crowdfunding Dutch: https://www.fsma.be/nl/crowdfundingdienstverleners-crowdfundingplatformen English: https://www.fsma.be/en/crowdfunding-service-providers-crowdfundingplatforms
Czech Republic	Czech National Bank (CNB)	Czech: https://www.cnb.cz/cs/verejnost/kontakty/formular-podani-dotazu-podnetuupozeni/index.html https://www.cnb.cz/cs/verejnost/kontakty/stiznosti-na-financni-institute/ English: https://www.cnb.cz/en/public/contacts/electronic-form/ https://www.cnb.cz/en/public/contacts/complaints-concerning-financial-institutions/
Croatia	Hrvatska agencija za nadzor finacijskih usluga (HANFA)	English: https://www.hanfa.hr/consumer-protection/complaints-to-hanfa
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	German: https://www.bafin.de/dok/14738826 English: https://www.bafin.de/dok/15510648
Estonia	Estonian Financial Supervision Authority (FSA)	Estonian: https://www.fi.ee/et/tarbijale/millal-poorduda-finantsinspektsioonipoole/kaebuse-esitamine English: https://www.fi.ee/en/consumer/when-should-i-contactfinantsinspektsioon/making-complaint
Spain	Comisión Nacional del Mercado de Valores (CNMV)	Spanish: https://www.cnmv.es/portal/inversor/Reclamaciones.aspx?lang=es English: https://www.cnmv.es/portal/inversor/Reclamaciones.aspx?lang=en Pending adaptation to include ECSP clients
Finland	Finanssivalvonta (FSA)	Finnish: https://www.finanssivalvonta.fi/finanssivalvonta/yhteystiedot/ilmoitusfinanssivalvonnalle/ Swedish: https://www.finanssivalvonta.fi/sv/om-fi/kontaktinformation/anmalan-tillfinansinspektionen/
Hungary	Magyar Nemzeti Bank (MNB)	Hungarian: https://www.mnb.hu/fogyasztovedelem/penzugyi-panasz English: https://www.mnb.hu/en/financial-customer-protection
Ireland	Central Bank of Ireland	English: https://www.centralbank.ie/regulation/industry-market-sectors/crowdfundingservice-providers
Italy	Commissione Nazionale per le Società e la Borsa (CONSOB) and Bank of Italy	Italian: https://www.consob.it/web/investor-education/l-invio-di-esposti
Luxembourg	Commission de Surveillance du Secteur Financier (CSSF)	French: https://www.cssf.lu/fr/reclamations-clientele/ German: https://www.cssf.lu/de/kundenbeschwerden/ English: https://www.cssf.lu/en/customer-complaints/
Latvia	Financial and Capital Market Commission (FCMC)	Latvian: https://www.fktk.lv/klientu-aizsardziba/veidlapa-sudzibas-iesniegsanai/ https://latvija.lv/
Lithuania	Bank of Lithuania	Lithuanian: https://www.lb.lt/lt/pranesimai-apie-finansu-rinka-reguliuojanciu-teisesaktu-pazeidimus#ex-1-7 English: https://www.lb.lt/en/contacts#group-1608
Malta	Malta Financial Services Authority (MFSA)	Maltese: https://www.mfsa.mt/consumers/complaints/
The Netherlands	Netherlands Authority for the Financial Markets (AFM)	Dutch: https://www.afm.nl/nl-nl/consumenten/contact English: https://www.afm.nl/en/consumenten/contact

Romania	Romanian Financial Supervisory Authority (ASF)	Romanian: https://asfromania.ro/ro/c/46/consumator
Slovakia	National Bank of Slovakia (NBS)	Slovak: https://www.nbs.sk/sk/ofs/informacie-pre-spotrebitehov-onas/rieseniestaznosti

11. DO YOU HAVE ANY QUESTIONS REGARDING A LICENSE AS CROWDFUNDING SERVICE PROVIDER?

Our financial regulation experts combine pragmatism and an interest in innovative solutions with technical know-how. In our daily dealings with German and European regulators, we navigate our clients safely through all registration and licensing procedures and are always up-to-date on new procedures and regulatory practice. Our experts already advised on the first application issued to BaFin under the ECSPR dated 10 November 2021. In addition, they represented several clients in their requests to BaFin. We will be happy to advise also you on all questions relating to the ECSPR.



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