



Summary – Regulation of Crowdfunding in Europe, North America and Israel

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Country Regulation	Austria 	Belgium 	Bulgaria 	Canada 
General regulation	<ul style="list-style-type: none"> If a Crowdfunding platform offers securities or investment products, the operator of the platform provides financial services in the sense of the WAG 2007 → the commercial provision of various investment services requires a license from the FMA → Alternatively, the operator of a Crowdfunding platform can cooperate with a securities company or a credit institution as an auxiliary person The commercial collection of loans, which finance the 	<ul style="list-style-type: none"> Crowdfunding platforms facilitating direct investment in financial instruments are likely to require a licence under the Act regulating investment services firms – authorization and supervision by the FSMA (or Belgian National Bank, depending on the nature of their activities) save if no compensation is charged for these services Onward trading in financial instruments also requires a licence 	<ul style="list-style-type: none"> The operator of the platform may be required to be licensed / registered either as a financial or a credit institution by the Bulgarian National Bank in accordance with the Law on Credit Institutions, respectively with the Law on Payment Services and Payment Systems. Legal entities providing public offering of securities shall be required to register as a public joint-stock company in compliance with the Public Offering of Securities Act. 	<ul style="list-style-type: none"> Non-Equity Crowdfunding platforms are not subject to registration under Canadian securities law. Equity Crowdfunding platforms are regulated under Canadian securities law. An Equity Crowdfunding platform that seeks to raise capital in reliance on the 'offering memorandum exemption' (the OM exemption) will be required to be registered in each jurisdiction in Canada where it does business as a 'dealer', such as an 'exempt market dealer'.



	<p>on-going business, can constitute a deposit business in the sense of the BWG → such business is reserved to credit institutions and requires a license of the FMA.</p> <ul style="list-style-type: none"> Depending on the structure in detail: sound arguments argue that contributions under Donations/Rewards Model do not constitute investment products 	<ul style="list-style-type: none"> The collection of limited public refundable funds does not fall within the banking monopoly if sufficient safeguards are provided to guarantee that the funds will only be used to refund the crowd or finance the project The Lending (and Rewards) Model uses debt instruments, which are not regulated by the Act regulating investment services firms The Donation Model is least prone to financial regulation 	<ul style="list-style-type: none"> Legal entities facilitating public offering of securities or investment products could be required to register as an investment intermediary under the Markets in Financial Instruments Act. The Financial Supervision Commission is responsible to supervise both the public offering of securities and the investment intermediaries. 	<ul style="list-style-type: none"> If the Ontario Proposal is adopted, it is anticipated that the platform will be registered as a 'restricted dealer' under Ontario securities law. If the Saskatchewan Proposal is adopted, the platform would not be required to be registered under Saskatchewan securities law but forms would be required to be filed by the platform and certain individuals related to the platform with the Saskatchewan securities regulatory authority and the platform will have to satisfy certain conditions in reliance on the prospectus exemption described in the Saskatchewan Proposal.
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<p>Prospectus requirement</p>	<ul style="list-style-type: none"> • Prospectus requirement according to the BWG for the public offering of securities or investment products. If the prospectus includes securities for admission to the stock exchange, also the KMG can apply. • The general prospectus requirements do not apply in exceptional cases, inter alia for offering security papers or investments products within the European Union for a total consideration of less than EUR 250.000, calculated over a period of twelve months. • Depending on the structure in detail: no prospectus requirements for subordinated loans or 	<ul style="list-style-type: none"> • Prospectus requirement for offering investment instruments (a term broader than financial Instruments, as it encompasses contract-based debt instruments) • Threshold: EUR 100.000 per issuer within 12 months • Other thresholds <ul style="list-style-type: none"> - directed at fewer than 150 natural or legal persons per member state, other than qualified investors; - where the total consideration per investor and per offer is more than EUR 100,000, calculated over a period of 12 months 	<ul style="list-style-type: none"> • Prospectus requirement for companies which publicly offer securities to investors • Threshold: EUR 100.000 per issuer within 12 months 	<ul style="list-style-type: none"> • Equity Crowdfunding is permitted under the OM exemption in all jurisdictions in Canada except Ontario, where it is not permitted, and investors can invest as much as they want under the BC model, while investors under the AB model can invest up to \$10,000 unless they are an 'eligible investor' and then there is no limit. There is no maximum amount that an issuer can raise under the OM exemption. • The Ontario Proposal sets out various requirements in reliance on the proposed Equity Crowdfunding exemption including that investors cannot invest more than \$2,500 in any one investment or \$10,000 in any calendar year and
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	contributions under Donations/Rewards Model.			<p>issuers cannot raise more than \$1.5 million in any 12-month period.</p> <ul style="list-style-type: none"> The Saskatchewan Proposal sets out various requirements in reliance on its proposed Equity Crowdfunding exemption including that investors cannot invest more than \$1,500 per offering and issuers cannot raise more than \$150,000 in any 6-month period
AIFMD-regulation	<ul style="list-style-type: none"> Typical start-up or developing companies in general do not constitute an AIF. Alternative investment funds are facilitated when the assets acquired through leverage do not exceed a total of 	The AIFMD has not yet been transposed in Belgium It is not yet clear what kinds of platforms might fall under the legislation	<ul style="list-style-type: none"> AIFMD has not been implemented in the Bulgarian legislation so far. Pursuant to the draft of the respective <i>Law on the activities of collective investment schemes and other collective investment undertakings</i>, the Crowdfunding financing shall not 	Canada is not an EU member state and therefore the European Alternative Investment Fund Managers Directive is not applicable in Canada



	<p>EUR 100.000.000,-- or total assets do not exceed EUR 500.000.000,-- ("<i>de minimis-barrier</i>").</p> <ul style="list-style-type: none"> • A "Project Company" may, under various circumstances, constitute an AIF. • Depending on the structure in detail, Crowdfunding by means of subordinated loans or contributions under Donations/Rewards Model should not entail an AIF. 		<p>fall within the scope of its application.</p> <ul style="list-style-type: none"> • It shall apply to closed-end investment companies only, as far as the special investment purposes companies are excluded from the scope of application of the Directive. 	
Payment service regulation	<ul style="list-style-type: none"> • Transfer of funds between investors and the operator of a Crowdfunding platform can constitute remittance services in the sense of the ZaDiG → authorisation by the FMA 	<ul style="list-style-type: none"> • Transfer of funds through operator may constitute money remittance service • → Belgian National Bank licence required 	<p>Transfer of funds through operator may constitute money remittance service – in future, the operator of the platform may be required to be licensed / registered either as a financial or a credit</p>	<ul style="list-style-type: none"> • A platform that is a registered as an EMD would be permitted to receive or hold investor funds in trust. This is what EMDs presently do when they engage in any type of private placement



	<p>required.</p> <ul style="list-style-type: none"> Exception of the applicability of the ZaDiG, if the operator of a Crowdfunding platform acts as a commercial agent. Alternatively the operator could use an external provider or partner for processing payments. 	<ul style="list-style-type: none"> "Commercial agents" exemption probably does not apply to Crowdfunding platform operators 	<p>institution by the Bulgarian National Bank in accordance with the Law on Credit Institutions, respectively with the Law on Payment Services and Payment Systems.</p>	<p>in Canada including a Crowdfunded offering under the OM exemption.</p> <ul style="list-style-type: none"> It is not clear whether a platform that may be registered as restricted dealer would also be permitted to receive or hold funds under the Ontario Proposal, however, it is expressly contemplated under the Saskatchewan Proposal.
Consumer credit regulation	<p>If consumer borrowers are permitted on a platform (Lending Model) there are implications for the form and content of the lending agreements</p>	<p>If consumers are borrowers under the platform, then licence needed as a consumer credit professional and formal contractual and pre-contractual requirements apply</p>	<p>At present, lending agreements, including between related parties or between a local and foreign entities are subject to a registration under the Currency Act in a special register at the Bulgarian National Bank.</p>	<p>Certain consumer protection legislation would apply to P2P lending platforms.</p>



<p>Further possible requirements</p>	<ul style="list-style-type: none"> • Trade Law (<i>Gewerbeordnung</i>) • Law regarding the Supervision of Securities (<i>Wertpapieraufsichtsgesetz 2007</i>) • Consumer Protection Act (<i>Konsumentenschutzgesetz</i>). 	<ul style="list-style-type: none"> • The Act on Market Practices and Consumer Protection • Money Laundering Provisions • The Privacy Act • The Consumer Credit Act 	<ul style="list-style-type: none"> • The Commerce Act • The Law on Measures against Money Laundering • The Currency Act 	<ul style="list-style-type: none"> • <i>Income Tax Act</i> (Canada) and its regulations and possibly other federal and provincial income tax legislation • <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> (Canada)
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Country Regulation	Croatia 	Czech Republic 	Denmark 	Estonia 
General regulation	<ul style="list-style-type: none"> • No operational Crowdfunding platforms and no regulatory practice <p>Equity Model and a Lending Model using debt securities are potentially subject to a regulated regime under local securities and investment funds laws → HANFA and/or CNB authorisation and registration required</p> <ul style="list-style-type: none"> • Depending on the structure, Donations/Rewards Model is not subject to financial services regulation 	<ul style="list-style-type: none"> • A project company or a Crowdfunding platform acting under the Equity Model can be qualified as an Investment Fund under the AMCIF → licence from the Czech National Bank required • A project company or a Crowdfunding platform acting under the Lending Model is not a regulated entity → no licence required • A project company or a Crowdfunding platform acting under the Donations or Rewards Model enjoys an exemption under the AMCIF and cannot be 	<ul style="list-style-type: none"> • If a Crowdfunding platform facilitates offering of securities or investment products the operator of the platform renders financial services, which is subject to a licensing requirement • the Donations or Rewards Models does not involve any form of financial investment or financial return and therefore is not within the scope of the Danish financial regulation 	<ul style="list-style-type: none"> • If Crowdfunding platform organises offering of securities or acts as a securities broker, it provides investment service → FSA authorisation required • Crowdfunding platforms operating the Lending Model use exemptions from regulated activities regime (acting as broker and not as a lender or a deposit holder) • Crowdfunding platform operating the Donations/Rewards Model is not subject to financial services regulation • No Crowdfunding platforms are currently supervised by the FSA



		qualified as an Investment Fund → no licence required		
Prospectus requirement	<ul style="list-style-type: none"> Prospectus requirement for offering of securities Threshold: EUR 5 million EU-wide per issuer within 12 months 	<ul style="list-style-type: none"> Prospectus requirement for the offering of investment securities (i.e. shares, bonds, securities substituting shares or bonds, securities enabling the acquisition or sale of shares or bonds, certain derivatives, or similar securities) Threshold: EUR 1.000.000 per issuer for investment securities offered in any member state of the European Union within a period of 12 months 	<ul style="list-style-type: none"> Prospectus requirement for offering of securities or investment products Threshold: EUR 1.000.000 per issuer within 12 months 	<ul style="list-style-type: none"> Prospectus requirement for public offering of securities Threshold: no threshold General regulation applies if EUR 5 million per issuer within 12 months For securities the issue of which is under this threshold, specific prospectus requirements provided in a regulation of the Minister of Finance apply



<p>AIFMD-regulation</p>	<ul style="list-style-type: none"> • Legislation only recently implemented and no regulatory practice • Typical start-up company seeking funding for regular operations should generally not constitute an AIF • Crowdfunding structure could constitute an AIF if it includes profit share arrangements otherwise than in a commercial company • Depending on the structure, funding by non-transferable loans or contributions under Donations/Rewards Model should not entail an AIF • Crowdfunding platforms are likely not AIFM 	<ul style="list-style-type: none"> • An operating company as a start-up or developing company enjoys an exemption under the AMCIF and cannot be qualified as an AIF under the AMCIF → no licence required • A project company/Crowdfunding platform acting under the Equity Model could possibly be qualified as an AIF under the AMCIF → license from the Czech National Bank required • A project company/Crowdfunding platform acting under the Lending Model is not a regulated entity → no licence required 	<ul style="list-style-type: none"> • Crowdfunding provider does not constitute AIF • Total assets under management is less than EUR 100 million 	<p>The AIFMD is not implemented in the national law</p>
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		<ul style="list-style-type: none"> A project company/Crowdfunding platform acting under the Donations or Rewards Model enjoys an exemption under the AMCIF and cannot be qualified as an AIF under the AMCIF → no licence required 		
Payment service regulation	<ul style="list-style-type: none"> Transfer of funds through operator may constitute money remittance service → Ministry of Finance / CNB authorisation required Exemption for "Commercial Agents" likely to apply to operators of Crowdfunding platforms 	<ul style="list-style-type: none"> The provision of payment services as defined under the Payment Services Act by a project company or a Crowdfunding platform triggers licensing requirements (licence granted by the Czech National Bank) 	<ul style="list-style-type: none"> Transfer of funds through operator may constitute money remittance service Requires Danish FSA's authorisation 	<ul style="list-style-type: none"> Transfer of funds through operator may constitute payment service or money remittance service → FSA activity licence or application to use exemption required "Commercial Agents" exemption may be applicable to operators of Crowdfunding platforms



<p>Consumer credit regulation</p>	<p>If consumer borrowers are permitted on a platform (Lending Model) a consumer credit license is required</p> <p>→ implications for the form and content of the lending agreements</p>	<p>Consumer Credit Act only applies to individuals who are consumers (i.e. individuals who are <u>not</u> going about their business activities or performing their profession in an independent way). Consumer Credit Act does not apply to companies.</p>	<p>If consumer borrowers are permitted on a platform and the Crowdfunding offered is based on the Lending Model there are requirements to the lending agreement pursuant to the Danish Act on Credit Agreements</p>	<p>If consumer borrowers are permitted on a platform (Lending Model) there are implications for the form and content of the lending agreements</p>
<p>Further possible requirements</p>	<ul style="list-style-type: none"> • Croatian Act on Money Laundering and Financing of Terrorism • Croatian Act on Protection of Personal Data • Croatian Companies Act 	<ul style="list-style-type: none"> • Trade Licensing Act • Capital Markets Act • AML Act 	<ul style="list-style-type: none"> • The Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism • Danish Marketing Practices Act • Danish Investment Associations, etc. Act. • Danish Act on Credit Agreements 	<ul style="list-style-type: none"> • The new Investment Funds Act (<i>investeerimisfondide seadus</i>), incorporating AIFMD • Money Laundering and Terrorist Financing Prevention Act (<i>rahapesu ja terrorismi rahastamise tõkestamise seadus</i>) • Estonian Advertising Act (<i>reklaamiseadus</i>) • Estonian Law of Obligations Act (<i>võlaõigusseadus</i>)

Country Regulation	Finland 	France 	Germany 	Greece 
General regulation	<ul style="list-style-type: none"> At present all Crowdfunding platforms operate outside the regulatory scope without authorisations granted by the Finnish Financial Supervisory Authority Pursuant to current interpretation, the operations of Crowdfunding platforms offering the Equity Model do not require a license Licenses not required for peer-to-peer lending since it has been interpreted to be an unregulated investment product 	<ul style="list-style-type: none"> If a Crowdfunding platform provides advice on a regular basis regarding investments and certain related matters it must be licensed in France (or another EEA member state) as a financial investment adviser (<i>conseiller en investissements financiers</i>). Any lending activity in France, if conducted “habitually” and for profit (<i>à titre onéreux</i>), is a credit operation subject to the French banking monopoly, which can be carried out only by French or “passported” EEA credit 	<ul style="list-style-type: none"> If Crowdfunding platform facilitates offering of securities, investment products (<i>Vermögensanlagen</i>) or shares in collective investment undertakings (<i>Investmentvermögen</i>), the operator of the platform provides financial services → BaFin authorisation required Exemption for investment broking and contract broking only regarding investment products (<i>Vermögensanlagen</i>) or shares in collective investment undertakings (<i>Investmentvermögen</i>) 	<ul style="list-style-type: none"> If Crowdfunding platform facilitates offering of financial instruments, the operator of the platform provides investment services → CMC authorisation required



	<ul style="list-style-type: none">• The use of Donations Model restricted by strict interpretation of the Fundraising Act	<p>establishments. Loans granted without interest or other consideration are not subject to the banking monopoly. There are exceptions to the banking monopoly for various lending activities by non-profit organisations, which are also permitted to make profit-participation loans under certain conditions.</p> <ul style="list-style-type: none">• Proposed legislation would establish a new category of advisor, a conseiller en investissements participatifs (“CIP”) and allow interest-bearing loans to be made by at least 21 individuals acting collectively, up to limits of €250 per lender and €300,000 per borrower.	<ul style="list-style-type: none">• Depending on the structure in detail: sound arguments that subordinated loans (<i>Nachrangdarlehen</i>) and contributions under Donations/Rewards Model do not constitute investment products (<i>Vermögensanlagen</i>)	
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<p>Prospectus requirement</p>	<ul style="list-style-type: none"> • Prospectus requirement for offering of securities • Threshold: EUR 1.500.000 per 12 months 	<ul style="list-style-type: none"> • Prospectus requirement for offering of securities or other financial securities: • Threshold: EUR 100.000 per issuer for any 12 month period • Exemptions: private placements to “qualified investors” and up to 149 other investors (for up to 20% of the issuer’s pre-offer capital); issues of at least €100,000 per investor or €100,000 per security; offerings of up to 50% of the issuer’s pre-offer capital, limited to €2.5 million if traded on a MTF or €5 million if not so traded. • Proposed legislation would establish a new exemption from prospectus requirements for offerings of equity or debt securities 	<ul style="list-style-type: none"> • Prospectus requirement for offering of securities or investment products (<i>Vermögensanlagen</i>) • Threshold: EUR 100.000 per issuer within 12 months • Depending on the structure in detail: no prospectus requirements for subordinated loans (<i>Nachrangdarlehen</i>) or contributions under Donations/Rewards Model 	<ul style="list-style-type: none"> • Prospectus requirement for offering of securities • Threshold: securities offerings with total value of less than EUR 100,000 within a time period of twelve (12) months • Exemption from prospectus requirement does not extend to offers of investments which do not qualify as “securities”, within the meaning of Law 3401/2005 • Article 10 Law 876/1979 requires the approval of the CMC in all cases where persons aim to induce the public for investing in any kind of instruments
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		made exclusively via an internet platform operated by a CIP.		
AIFMD-regulation	<ul style="list-style-type: none"> An operating company seeking for funding would not in general constitute an AIF A project company, if qualified as a joint venture, would not primary constitute an AIF Equity and certain lending models might constitute an AIF unless an investor retains the decision making power in respect of the investment targets Donations and Rewards Model would not primarily seem to constitute an AIF It cannot be ruled out that Crowdfunding platforms 	Typically, neither an operating or project company in France seeking financing Crowdfunding, nor a French Crowdfunding platform, is subject to legislation governing an AIF.	<ul style="list-style-type: none"> Typical start-up company in general does not constitute an AIF "Project Company" might constitute AIF → extensive AIFMD regulation for AIF and its manager → manager (AIFM) requires BaFin authorisation Depending on the structure in detail: funding by means of subordinated loans (<i>Nachrangdarlehen</i>) or contributions under Donations/Rewards Model should not entail an AIF Sound arguments that Crowdfunding platforms should not constitute AIFM 	<ul style="list-style-type: none"> The AIFMD has not yet been implemented; future implementation according to the draft proposal of law could affect Crowdfunding platforms if they are considered AIF as defined in the proposed draft law and provided they are not UCITS



	would not constitute an AIFM.			
Payment service regulation	<ul style="list-style-type: none"> • "Commercial Agents" exemption might be applicable • Pursuant to the current interpretation, transfer of funds through the platform operator's customer deposit account does not constitute money remittance service → However, this interpretation has not been tested and authorisation or notification may be required from the platform providers 	<ul style="list-style-type: none"> • Any person providing payment services must be licensed as a payment institution, but exemptions may be obtained from the ACPR for platforms which collect donations in exchange for a definite and clearly defined counterpart having a value commensurate with the donation made. • Crowdfunding platforms which arrange for funds for a given project to be collected in an account at a banking institution may require a licence, but an exemption is available under certain conditions for platforms which accept payments from investors within a "limited network" 	<ul style="list-style-type: none"> • Transfer of funds through operator may constitute money remittance service → BaFin authorisation required • "Commercial Agents" exemption probably not applicable to operators of Crowdfunding platforms 	<ul style="list-style-type: none"> • Transfer of funds may constitute money remittance service → BoG license required or "passport"



		<p>or for a “limited range of goods or services.</p> <ul style="list-style-type: none"> Proposed legislation would allow Crowdfunding platforms to process payments of up to €3 million per month, subject to certain conditions. 		
Consumer credit regulation	<ul style="list-style-type: none"> Currently does not apply – existing operators do not give consumer credit If platform provides consumer credit, the provisions arising from the Consumer Protection Act or the Credit Institutions Act or Investment Services Act apply 	<p>If consumer borrowers are permitted on a platform and the Crowdfunding offered is based on the Lending Model consumer-protection rules will apply.</p>	<p>If consumer borrowers are permitted on a platform (Lending Model) there might be implications for the form and content of the lending agreements</p>	<p>The Lending Model is not used in Greece; any provision of loans or other credits, in a professional capacity, is allowed only to credit institutions and certain financial institutions licensed by BoG, or alternatively to credit institutions and certain financial institutions established in other European Union (EU) countries benefiting from the European “passport” to offer services either through a branch or on a cross-border basis without establishment in Greece</p>



<p>Further possible requirements</p>	<ul style="list-style-type: none"> • Fundraising Act (Rahankeräyslaki) • Consumer Protection Act (Kuluttajansuojalaki) • Finnish Act on Preventing and Investigating Money Laundering and Funding Terrorism (Laki rahanpesun ja terrorismin rahoittamisen estämisestä ja selvittämisestä) • Personal Data Act (Henkilötietolaki) 	<ul style="list-style-type: none"> • Regulation of marketing and distance selling may apply. • AML/CFT/sanctions rules may apply. 	<ul style="list-style-type: none"> • German Trade, Commerce and Industry Regulation Act (<i>Gewerbeordnung</i>) • German Act on Money Laundering (<i>Geldwäschegesetz</i>) • German Securities Trading Act (<i>Wertpapierhandelsgesetz</i>) 	<ul style="list-style-type: none"> • Law 3691/2008 on Money Laundering prevention; • Laws 2472/1997 and 3471/2006 on Data Protection; • Law 2251/1994 on Consumer Protection and sales performed from a distance; • Law 2121/1993 on Intellectual Property; • Law 3862/2010 on Payment Services
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Country Regulation	Hungary 	Ireland 	Israel 	Italy 
General regulation	<ul style="list-style-type: none"> • If the Crowdfunding platform facilitates the offering of securities, the operator of the platform may be subject to investment services requirements → licence from the Hungarian supervisory authority required • If the Crowdfunding platform facilitates and/or intermediates the granting of loans to the crowdfunded business, such activity may trigger financial services requirements in relation 	<ul style="list-style-type: none"> • Lending to corporates is not a regulated activity. • Arranging credit for a person acting outside his business may require authorisation as a credit intermediary. • Crowdfunding platforms cannot use the term “bank” or any variant of that term in their names or advertising. • Crowdfunding platforms must be careful not to provide MiFID investment services such as receipt and transmission of orders and / or investment advice. Non- 	<ul style="list-style-type: none"> • If securities are offered, a prospectus is required unless an exemption is available • Lending Model platforms may be subject to regulations related to loans • If investment advice is provided, a platform may need an investment advisor license • A platform may need to register its database if it contains sensitive information of its users 	<ul style="list-style-type: none"> • Equity Model is subject to regulated activities regime • According to Italian Law 221/2012 platform must restrict offers of securities to shares and quotas in "innovative start-up Italian company" • Many Crowdfunding platforms use exclusions and exemptions from regulated activities regime (acting as broker and not as offeror) → position to be cleared after the issuing of Law 221/2012 and the entering



	<p>to the platform operator and individuals granting loans → licence from the Hungarian supervisory authority required</p> <ul style="list-style-type: none"> • Crowdfunding under both the Equity Model and Lending Model could be structured so as to eliminate/limit the risk of triggering licensing requirements • The Donation or Rewards Model do not raise any specific Hungarian regulatory issues 	<p>MiFID investment services which are regulated under the IIA should also be avoided. Of these, the provision of investment advice which includes advice on where to get advice would be relevant for Crowdfunding platforms.</p>	<ul style="list-style-type: none"> • If credit data of borrowers is stored and used, a Lending Model platform may need a license as a credit data service 	<p>into force of the CONSOB Regulation</p> <ul style="list-style-type: none"> • Platform operating Lending Model are not subject to specific legislation addressed to lending Crowdfunding but are subject to the Consolidated Banking Law and relevant regulation, depending on the activity carried out • Depending on the structure in detail: investments under the Donations/Rewards Model do not qualify as investment products
Prospectus requirement	<ul style="list-style-type: none"> • Prospectus requirement for the offering of securities and certain other financial instruments (e.g. shares, bonds, certain derivatives) 	<ul style="list-style-type: none"> • Prospectus requirement may apply depending on the structure and amounts raised by the issuers. 	<ul style="list-style-type: none"> • Prospectus is required for offering securities to the public • Exemptions include: <ul style="list-style-type: none"> ○ Up to 35 investors in 12 months 	<ul style="list-style-type: none"> • Prospectus requirement for offering of securities • Threshold: EUR 5 Mio. per issuer within 12 months



	<ul style="list-style-type: none"> • Threshold: EUR 100,000 aggregated issue value for securities offered in all member states of the European Union within a period of 12 months 		<ul style="list-style-type: none"> ○ Certain sophisticated investors 	
AIFMD-regulation	<ul style="list-style-type: none"> • Despite the deadline applicable to the adoption and publication of national regulations implementing the provisions of the AIFMD, the Hungarian Parliament has not yet approved any of the laws necessary for the implementation of the AIFMD in Hungary 	AIFMD regulations may be applicable however the Directive provides for an exemption	Israel is not an EU member state and therefore the European Alternative Investment Fund Managers Directive is not applicable	<ul style="list-style-type: none"> • From the perspective of Equity Crowdfunding, platforms should not constitute AIFM and innovative start-up should not constitute an AIF (but implementation law has not been passed yet)
Payment service regulation	<ul style="list-style-type: none"> • Transfer of funds through the platform operator may constitute money remittance service • → licence from the Hungarian supervisory authority required 	Payment services regulations may be applicable, depending on money transmission route chosen.	Israel is not an EU member state and therefore the Payment Services Directive is not applicable	Transfer of funds through operator may constitute money remittance service → Bank of Italy authorisation

	<ul style="list-style-type: none"> Collection and holding of funds as escrow by the platform operator may constitute financial service → licence from the Hungarian supervisory authority required 			
Consumer credit regulation	Depending on the structure used by the platform, consumer credit regulations may be applicable		Regulation of Non-Banking Loans Law, 5753 – 1993 and other consumer regulations may apply to a Lending Model platform	If consumer borrowers are permitted on a platform there are implications for the form and content
Further possible requirements	<ul style="list-style-type: none"> Laws applicable to on-line marketing and contracts Anti money laundering laws Data privacy and data protection laws Consumer credit regulations Consumer protection regulations 	Arranging credit for a person acting outside his business will require authorisation as a credit intermediary.	<ul style="list-style-type: none"> Prohibition on Money Laundering Law, 5760 – 2000 Standard Contracts Law, 5743 – 1982 Consumer Protection Law, 5741 – 1981 	<ul style="list-style-type: none"> Italian Money Laundering law Italian Data Privacy law Italian Law 231/2001

Country Regulation	Latvia 	Lithuania 	Luxembourg 	The Netherland 
General regulation	<ul style="list-style-type: none"> Theoretically it would be possible to carry out such projects in Latvia. In each situation it is recommended to coordinate the envisaged project with Latvian supervisory authority – Financial and Capital Market Commission and/or involve local counsel. If Crowdfunding platform facilitates offering of securities or other financial instruments or holds money belonging to 	<ul style="list-style-type: none"> If the activities of a Crowdfunding platform are related to the offering, distribution and acquisition of securities, the operator of the platform has to be licensed; No need for licence if Crowdfunding is based on the Lending Model and financing through the loan agreements between professional clients and companies seeking to be financed 	<ul style="list-style-type: none"> If the Crowdfunding platform operates banking, lending or investment services -> a license from the minister, having in his competence the CSSF, could in theory be required <p>If the Crowdfunding platform operates as a multilateral trading facility -> a license from the minister, having in his competence the CSSF, could in theory be required</p>	<ul style="list-style-type: none"> Distinction should be made between the activities of the Crowdfunding platform and the activities of the Crowdfunding entity. For the latter please see the box below. The Crowdfunding platform could be taking up a regulated activity under the FSA due to the fact that it intermediates (or advises) in relation to: <ul style="list-style-type: none"> - consumer credit



	<p>third persons, the operator of the platform most likely provides investment or financial services → FCMC authorisation required</p> <ul style="list-style-type: none"> Depending on the structure in detail: there are sound arguments that loans and contributions under Donations/Rewards Model do not constitute provision of investment or financial services 	<ul style="list-style-type: none"> The Donations or Rewards Model is not qualified as a licensed activity 		<ul style="list-style-type: none"> repayable funds financial instruments other type of financial products (depending on the structuring of the Crowdfunding platform)
<p>Prospectus requirement</p>	<ul style="list-style-type: none"> Prospectus requirement for public offer regarding transferable securities (i.e., offer is expressed to more than 150 individuals in one EU Member State) Threshold: EUR 100.000 per issuer within 12 months. Law also sets out 	<ul style="list-style-type: none"> Prospectus requirement for the offering of securities, investment units and shares of investment companies. Threshold: EUR 100.000 per issuer within 12 months 	<ul style="list-style-type: none"> Prospectus requirement for offers of securities to the public and admission of trading of securities on a regulated market 	<ul style="list-style-type: none"> Prospectus requirement for securities within the meaning of the Prospectus Directive Threshold: EUR 2.500.000 per issuer within 12 months (bear in mind strict selling restriction requirements)



	<p>other exemptions when the prospectus is not required</p> <ul style="list-style-type: none"> Depending on the structure in detail: there are no prospectus requirements for loans or contributions under Donations/Rewards Model 	<ul style="list-style-type: none"> There is no threshold for the investment units and shares of an investment company A prospectus regarding the offering of investment units and shares of investment companies is required in all cases. 		
AIFMD-regulation	<ul style="list-style-type: none"> AIF can be established as pool of assets, joint stock company or as partnership Typical start-up company in general does not constitute an AIF "Project Company" might constitute AIF → extensive AIFMD regulation for AIF and its manager → manager (AIFM) requires FCMC authorisation 	<ul style="list-style-type: none"> The AIFMD is not implemented in the national law 	<ul style="list-style-type: none"> If the Crowdfunding platform would be considered as an AIF, the AIFMD could apply and licencing requirements thereof would have to be complied with. Depending on the form of the Model and the investments, exceptions or derogations might apply. 	<ul style="list-style-type: none"> Crowdfunding structure could constitute an AIF, although regulators have not yet made any comments on this issue to date Notwithstanding the EUR 100 million threshold an AIF that offers participations to retail investors is caught by the AIFMD regime in full



	<ul style="list-style-type: none"> Depending on the structure in detail: funding by means of or contributions under Donations/Rewards Model should not entail an AIF Depending on the scope of the services provided by the Crowdfunding platform, Crowdfunding platforms might be constituted as AIFM. 			<ul style="list-style-type: none"> An additional disclosure regime applies to retail offerings of AIFs and the rules are aimed to ensure transparency and that retail investors receive proper information on their potential participation/investment
Payment service regulation	<ul style="list-style-type: none"> Transfer of funds through operator may constitute money remittance service → FCMC licensing or notification to the FCMC required. "Commercial Agents" exemption probably not applicable to operators of Crowdfunding platforms 	<ul style="list-style-type: none"> The transfer of funds through the operator may be considered as payment services subject to the licensing requirements in Lithuania Exemptions under the Lithuanian law must be assessed in each individual case 	<ul style="list-style-type: none"> The Crowdfunding undertaking may fall within the scope of the PSD. The envisaged services may constitute either (i) money re-mittance (in the event that no account is being created in the name of the payer or the payee) or (ii) payment transaction, which implies an existence of a payment account, at least, in the recipient's side. 	<p>Transfer of funds through operator may constitute a payment service which requires a license as payment institution. In such case Dutch Central Bank authorisation would be required</p>



	<ul style="list-style-type: none"> Other exemption might be that the operator of a Crowdfunding platform uses an external provider or partner for processing payments rather than acting as an intermediary himself 		<ul style="list-style-type: none"> In the event that the Crowdfunding does fall within the scope of the PSD, potential exemption methods would have to be addressed on a case-by-case basis. 	
Consumer credit regulation	If consumer borrowers are permitted on a platform (Lending Model) there are implications for the licence for consumer crediting, form and content of the lending agreements.	If consumer borrowers are permitted on a platform (Lending Model), there are implications for the form and content of lending agreements, including pre-contractual information	With regard to consumer credit regulations, it is possible that Crowdfunding platforms might be considered to perform a banking activity which would in theory require for them to have a licence under the Law on the financial sector (see above).	If consumer borrowers are permitted on a platform (Lending Model) there are implications for the form and content of the lending agreements. The Crowdfunding platform would normally require a license as an intermediary in relation to consumer credit (<i>financieeldienstverlener</i>)



<p>Further possible requirements</p>	<ul style="list-style-type: none"> • Civil Law (in Latvian – <i>Civillikums</i>) • Commercial Law (in Latvian – <i>Komerclikums</i>) • Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing (in Latvian - <i>Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma finansēšanas novēršanas likums</i>) • Natural Persons' Data Protection Law (in Latvian – <i>Fizisko personu datu aizsardzības likums</i>) • The Cabinet of Ministers regulations and FCMC regulations in relation to investment services and payment institutions (if any) 	<ul style="list-style-type: none"> • Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing (<i>Lith. Lietuvos Respublikos pinigų plovimo ir teroristų finansavimo prevencijos įstatymas</i>) • Law of the Republic of Lithuania on Consumer Credit (<i>Lith. Lietuvos Respublikos vartojimo kredito įstatymas</i>). 	<ul style="list-style-type: none"> • Anti-money laundering law dated 12 November 2004, as amended • Law regulating the access to the occupations of craftsman, tradesman, industrialist and certain liberal professions dated 2 September 2011 	<ul style="list-style-type: none"> • Anti-money laundering regulations (<i>Wet ter voorkoming van witwassen en financieren van terrorisme</i>) • Act on protection of personal data (<i>Wet bescherming persoonsgegevens</i>) • Act on unfair trade practices (<i>Wet oneerlijke handelspraktijken</i>, as implemented in several Dutch acts, including the Dutch Civil Code (<i>Burgerlijk Wetboek</i>)) • Act on the consumer credit (<i>Wet op het consumentenkrediet</i>) • Dutch civil code (<i>Burgerlijk Wetboek</i>), not only in relation to corporate / contract law,
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	<ul style="list-style-type: none">• Consumer Rights Protection Law (in Latvian – <i>Patērētāju tiesību aizsardzības likums</i>)			but also implementing provisions on consumer credit and unfair trade practices
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Country Regulation	Portugal 	Romania 	Slovak Republic 	Slovenia 
General regulation	<ul style="list-style-type: none"> • Crowdfunding Platforms operating under the Donation and Rewards Model are not subject to regulation • Crowdfunding Platforms operating under the Pre-sale Sub-model are not subject to regulation • Crowdfunding Platforms in Portugal that offer services under the traditional Lending Model and the Equity Model, will fall under the supervision of Bank of Portugal and 	<ul style="list-style-type: none"> • In case the Crowdfunding platform supports financing through investment products or securities, the platform operator is deemed to provide financial services and ASF authorisation will be required. • Exception for: (i) securities targeting solely qualified investors or fewer than 150 natural persons or legal entities, (ii) securities offered or allotted in connection with a merger or winding-up, (iii) 	<p>A project company acting under the Equity Model can be qualified as an AIF under the Collective Investment Act → licence from the NBS required</p> <ul style="list-style-type: none"> • Crowdfunding platform facilitating offering of securities (which is very likely under the Equity Model) would be viewed as providing investment service and therefore regulated under the Securities and Investment Services Act 	<ul style="list-style-type: none"> • Financial services and transactions related to offerings of securities provided by a Crowdfunding platform trigger requirement for a licence by the Securities Market Agency • Intermediary services with respect to consumer credit and other loan agreements require a licence by the Bank of Slovenia or the Securities Market Agency <p>Donations and Reward Crowdfunding models</p>

	Securities Exchange Commission (CMVM)	<p>dividends paid in the form of shares to existing shareholders and (iv) in other cases specified by regulations issued by ASF.</p> <ul style="list-style-type: none"> The Donations/ Rewards Model are not subject to the public-offering rules. 	<p>→ licence from the NBS required</p> <ul style="list-style-type: none"> A project company or a Crowdfunding platform acting under the Lending Model is likely not a regulated entity → no licence required A project company or a Crowdfunding platform acting under the Donations or Rewards Model is likely not a regulated entity → no licence required 	would among others likely have tax, game of chance and consumer protection legal implications
Prospectus requirement	<ul style="list-style-type: none"> Prospectus requirement for offering securities Exemptions: if the nominal value of securities is equal or higher than EUR 100.000 or if the price of subscription/sale per subscriber is equal or higher than EUR 100.000 	<ul style="list-style-type: none"> Prospectus requirement for the offering of securities or investment products. Threshold: EUR 1.000.000 for shares and EUR 200.000 for bonds. The donations/ rewards model are not subject to 	<ul style="list-style-type: none"> Prospectus must be published for offering securities Threshold: EUR 100.000 in the EU issuer within 12 months Depending on the structure in detail: no prospectus requirements 	<ul style="list-style-type: none"> Prospectus requirement for offer of securities Threshold: EUR 100.000 in the European Union within 12 months Other most relevant exceptions: (i) offering of securities to sophisticated investors only, or (ii)

		the public-offering rules.	for simple loans or contributions under Donations/Rewards Model	<p>offering of securities to up to 150 natural or legal persons, who are not sophisticated investors</p> <ul style="list-style-type: none"> Simplified prospectus possible for offerings of securities below or equal to EUR 5.000.000 in the European Union within 12 months
AIFMD-regulation	<ul style="list-style-type: none"> AIFMD Directive has not been implemented in Portugal until now. According to AIFMD, companies that submit projects to Crowdfunding platforms could be deemed as AIF's, and therefore their management qualified as AIFM's. 	<p>AIFMD Regulation not implemented, but a preliminary Proposal is subject to public debates. As per the Proposal:</p> <ul style="list-style-type: none"> The following do not constitute an AIF: holdings, pension funds (occupational pension), supranational institutions (ECB, EIB, EIF etc.), NBR, local investment authorities, employee participation schemes, special purpose 	<ul style="list-style-type: none"> An operating company should not be regulated under the Collective Investment Act and should not be qualified as an AIF → no licence required Crowdfunding platform under Equity Model will likely be regulated → licence from the NBS required 	<ul style="list-style-type: none"> AIFMD has not yet been implemented in Slovenia AIFs presently regulated by the Investment Trusts and Management Companies Act and the Venture Capital Companies Act Crowdfunding platform might fall under the AIF regulation and future regulation implementing the AIFMD in Slovenia



		<p>securitisation entities.</p> <ul style="list-style-type: none"> • Extensive AIFMD regulation for AIF and its manager – ASF authorisation required. • The donations/ rewards model will not be subject to the AIMFD Regulation. • The Crowdfunding platform will most likely not be subject to the AIMFD Regulation. 	<p>A project company acting under the Equity Model could possibly be qualified as an AIF → license from the NBS required</p> <ul style="list-style-type: none"> • A project company / Crowdfunding platform acting under the Lending Model should not be a regulated entity → no licence required • A project company / Crowdfunding platform acting under the Donations or Rewards Model should not be a regulated entity → no licence required 	<ul style="list-style-type: none"> • Intermediary services with respect to consumer credit and other loan agreements would require a licence by the Bank of Slovenia or the Securities Market Agency
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<p>Payment service regulation</p>	<ul style="list-style-type: none"> • Transfer of funds through operator may constitute money remittance service, and therefore an authorisation from Bank of Portugal would be required • Exemption for “Commercial Agents” may be applicable to Crowdfunding platforms 	<ul style="list-style-type: none"> • Transfer of funds through payment services operator may constitute payment services, requiring NBR authorisation. • Payment transactions through a commercial agent authorized to negotiate or conclude the sale or purchase of goods or services on behalf of the payer or payee are not subject to the payment services regulation. 	<ul style="list-style-type: none"> • The provision of payment services as defined under the Payment Services Act by a Crowdfunding platform triggers licensing requirements (licence granted by the NBS) 	<ul style="list-style-type: none"> • Remittance of cash payments or transfer of funds by an intermediary between a customer and a provider of goods and services constitutes provision of payment services, which requires a licence by the Bank of Slovenia. • A Crowdfunding platform might rely on the “technical service provider” exemption.
<p>Consumer credit regulation</p>	<p>If consumer borrowers are permitted on a platform (Lending Model) there are implications for the form and content of the lending agreements</p>	<p>If the financed initiator is a natural person, certain requests must be observed in the lending agreements.</p>	<p>Consumer Protection Act only applies to individuals who are consumers (i.e. not entrepreneurs). Consumer Credit Act does not apply to companies.</p>	<p>Consumer Credit Act (<i>Zakon o potrošniških kreditih</i>) regulating the content and offering of consumer credit applies only to credit and loan agreements entered into with natural persons who are acting as consumers, which means acting outside of their employment or gainful activity.</p>



<p>Further possible requirements</p>	<ul style="list-style-type: none"> • Portuguese Money Laundering Regime • Portuguese Venture Capital Regime 	<ul style="list-style-type: none"> • Romanian Banking Law or, as applicable, IFN Law. • Law no. 656/2002 on preventing and sanctioning money laundering and instituting measures for preventing and fighting against financing the acts of terrorism. • Consumer Protection Law (Ordinance no. 21/1992 regarding consumer protection. 	<ul style="list-style-type: none"> • Act No. 40/1964 the Civil Code • Act No. 513/1991 the Commercial Code • Act No. 455/1991 the Trade Licence Act • Act No. 203/2011 on Collective Investment • Act No. 250/2007 on Consumer Protection • Act No. 63/1973 on Public Collections and Lotteries 	<ul style="list-style-type: none"> • Consumer Protection Act (<i>Zakon o varstvu potrošnikov</i>) • Consumer Protection against Unfair Commercial Practices Act (<i>Zakon o varstvu potrošnikov pred nepoštenimi poslovnimi praksami</i>) • Prevention of Money Laundering and Terrorist Financing Act (<i>Zakon o preprečevanju pranja denarja in financiranja terorizma</i>) • Book Entry Securities Act (<i>Zakon o nematerializiranih vrednostnih papirjih</i>) • Personal Data Protection Act (<i>Zakon o varstvu osebnih podatkov</i>)
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				<ul style="list-style-type: none">• Investment Trusts and Management Companies Act (<i>Zakon o investicijskih skladih in družbah za upravljanje</i>)• Venture Capital Companies Act (<i>Zakon o družbah tveganega kapitala</i>)• Supportive Environment for Entrepreneurship Act (<i>Zakon o podpornem okolju za podjetništvo</i>)• Humanitarian Agencies Act (<i>Zakon o humanitarnih organizacijah</i>)• Code of Obligations (<i>Obligacijski Zakonik</i>)
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Country Regulation	Spain 	Sweden 	Switzerland 	United Kingdom 	United States 
General regulation	<ul style="list-style-type: none"> • Crowdfunding platforms operating the Equity Model are not treated as performing financial services, even if a number of platforms appear to fall within the scope of MiFID and Spanish financial services law • Crowdfunding platforms operating the Lending Model are generally regulated by the 	<ul style="list-style-type: none"> • If Crowdfunding platform facilitates offering of securities or investment products, the operator of the platform provides financial services → S-FSA license or co-operation with licensed firm required. • Possible to offer investments in limited liability companies formed as “private”, with 	<p>Banking Act:</p> <ul style="list-style-type: none"> • Collection of funds, keeping of accounts in the name of investors or acceptance of deposits from investors might bring operator within activities covered by Banking Act → FINMA license required 	<ul style="list-style-type: none"> • Equity Model often entails conducting regulated securities business → FCA authorisation required • Lending Model is due to become a regulated activity from April 2014 → FCA authorisation will be required. • Many Equity Model platforms use exclusions and 	<p>New rules are yet to be published but anticipated before the end of 2013, however the JOBS Act requires that:</p> <ul style="list-style-type: none"> • Issuers are limited to an annual aggregate capital raise of \$1,000,000 • Investors are limited to annual aggregate investments based on annual income or net worth (i) if annual income or net worth are less than \$100,000 - the limit is the greater of \$2,000 or 5% of their annual income or net worth; and (ii) if annual income or net worth



	<p>regime for corporations</p> <ul style="list-style-type: none"> • Crowdfunding platforms operating the Donations/Rewards Model are not subject to regulation. • No Crowdfunding platforms are currently supervised by the Bank of Spain or the CNMV 	<p>limitations on the number of investors</p>	<p>CISA:</p> <ul style="list-style-type: none"> • Pooling and subsequent collective investment of funds into a company might bring operator within scope of CISA → FINMA license required • Exemptions for direct investments into an operating company or in case investment decision remains with the investor <p>SESTA:</p> <ul style="list-style-type: none"> • Trading of shares, keeping of accounts or 	<p>exemptions from regulated activities regime</p> <p>→ enhanced policing likely to reduce ability of firms to successfully rely on exemptions from regulation</p> <ul style="list-style-type: none"> • Donations/Rewards Model is not subject to financial services regulation. • In Equity Model, where profit share is not channelled through a standard corporate issuer/shareholder relationship, investment may be characterised as collective investment scheme → 	<p>is greater than \$100,000 – the limit is 10% of the annual income or net worth up to maximum of \$100,000</p> <ul style="list-style-type: none"> • The transaction must be conducted through a registered broker or funding portal • The issuer must comply with the filing, disclosure, advertising, compensation, reporting and other requirements set forth in Section 4A(b) of the Securities Act of 1933, as amended • Funding Portal limitations (which would not apply to broker-dealers conducting a crowd-funded offering) <ul style="list-style-type: none"> • cannot provide investment advice
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			<p>underwriting of securities could result in operator of platform being a securities dealer → FINMA authorization required</p> <ul style="list-style-type: none"> • Limitation of purpose of the platform to exchange of information (e.g. price, names) and no simultaneous exchange of offers, conclusion of contracts or settlement of contracts 	<p>prohibition on promoting collective investment schemes to retail investors</p> <p>New FCA rules in force from 1 January 2014 → prohibition on promoting Special Purpose Vehicles ("SPVs") to retail investors.</p>	<ul style="list-style-type: none"> • cannot receive or hold investor funds or securities • cannot compensate employees, agents or others for solicitation, or commission-based sales of securities posted on the website • cannot advertise specific offerings, only the portal website
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<p>Prospectus requirement</p>	<ul style="list-style-type: none"> The companies regime in Spain does not lend itself to the offering of shares → the Equity Model is generally operated by means of joint accounts to which the prospectus regime does not apply 	<p>Prospectus requirement for are generally not a problem as threshold is set high EUR 2.500.000 within 12 months</p>	<ul style="list-style-type: none"> Prospectus requirement for public offer for subscription of equity securities or bonds for companies advertising on the platform; not the platform itself Platform may be liable for incorrect, misleading or incomplete information in issuing prospectuses or similar offering material 	<ul style="list-style-type: none"> Prospectus requirement for offering of transferable securities (such as shares) <p>Threshold: EUR 5 million per issuer within 12 months</p>	<p>No prospectus requirement but offering materials must include necessary information on the potential risks and rewards of an investment:</p> <ul style="list-style-type: none"> Financial information disclosure depends on the aggregate amount offered (including crowdfunded offerings in the preceding 12 months): <ul style="list-style-type: none"> For offerings up to \$100,000 - issuer's most recently filed income tax returns and its financial statements certified by its principal executive officer; For offerings exceeding \$100,000 but less than \$500,000 - financial
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					<p>statements reviewed by an independent public accountant;</p> <ul style="list-style-type: none">• For offerings exceeding \$500,000 - audited financial statements• Issuer information: name, legal status, physical address, the names of the directors and officers holding more than 20 percent of the shares of the issuer• Offering: the anticipated business plan of the issuer, the target offering amount, the deadline to reach the target offering amount and the price to the public of the securities.
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					<ul style="list-style-type: none">• Structure: the ownership and capital structure of the issuer, including terms of the securities being offered• Valuation: how the securities offered were valued and examples of methods for how such securities may be valued by the issuer in the future, including during subsequent corporate actions; and• Risks: the risks to purchasers of the securities relating to minority ownership in the issuer, the risks associated with corporate actions, including additional issuances of shares, a sale of the issuer or of assets of the issuer, or transactions with related parties
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<p>AIFMD-regulation</p>	<ul style="list-style-type: none"> • Crowdfunding platforms could entail offering an AIF, although the regulators have not yet made public pronouncements on the issue 	<ul style="list-style-type: none"> • Generally not a problem, typical start-up company not subject to AIFMD • Platform could be considered as AIF if managing investments on behalf of investors 		<ul style="list-style-type: none"> • Crowdfunding structure could constitute an AIF if it includes profit share arrangements otherwise than in a commercial company. <p>Light-touch regime for managers with management assets under EUR 100 million → FCA authorisation and registration and reporting requirements, but Directive marketing restrictions not applied</p>	<p>The U.S. is not required to adopt the AIFMD, nor would it apply to U.S. crowdfunded offerings</p>
<p>Payment service regulation</p>	<p>Transfer of funds through operator does not constitute money remittance service</p>	<ul style="list-style-type: none"> • Transfer of funds through operator may constitute money remittance service 		<ul style="list-style-type: none"> • Transfer of funds through operator may constitute money remittance service → FCA 	<p>Funding portals will not be permitted to receive or hold investor funds; new rules are expected to impose a</p>

		→ S-FSA authorisation required		<p>authorisation would be required.</p> <ul style="list-style-type: none"> Exemption for "Commercial Agents" likely to apply to operators of Crowdfunding platforms. 	<p>requirement for funds to be held by a bank or trust company or other qualified custodian (a qualified third-party escrow agent)</p>
Consumer credit regulation	<p>If consumer borrowers are permitted on a platform (Lending Model) there are implications for the form and content of the lending agreements</p>		<p>Activity as intermediary of consumer credit agreements (charging of fees for intermediary service) → FINMA authorization required</p>	<p>If consumer borrowers are permitted on a platform (Lending Model) a Consumer Credit licence is required → implications for the form and content of lending agreements → Consumer Credit regulation is being transferred from Office of Fair Trading to FCA</p>	



<p>Further possible requirements</p>	<p>Draft Bill that supports entrepreneurs</p>	<ul style="list-style-type: none"> • Swedish Personal Data Act; • Swedish Anti-Money Laundering Act; • Swedish Deposit-taking Activities Act; • Swedish Consumer Credit Act 	<ul style="list-style-type: none"> • Anti Money Laundering Act (<i>Geldwäschereigesetz</i>): Services regarding flow of funds, keeping of securities or of accounts for investors → Operator of platform to be affiliated to a recognized self-regulatory organization or to obtain a license from FINMA • Data Protection Act (<i>Datenschutzgesetz</i>) • Future Financial Service Act (<i>Finanzdienstleistungsgesetz</i>) 	<p>Money Laundering Regulations 2007</p>	<p>Title III: Investor annual investment limits:</p> <ul style="list-style-type: none"> • Investors with an annual income or net worth of less than \$100,000 may invest the greater of \$2,000 or 5% of their annual income or net worth in any 12 month period • Investors with an annual income or net worth greater than \$100,000 may investment the greater of \$100,000 or 10% of their annual income or net worth in any 12 month period <p>Investor resale restriction:</p> <ul style="list-style-type: none"> • Investors must hold their securities for one year before they can transfer their holdings; certain exceptions include transfers:
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					<ul style="list-style-type: none">• to the issuer• to an accredited investor• pursuant to an offering registered with the SEC, or• to the investor's family members <p>Both funding portals and broker-dealers must (fraud prevention requirements):</p> <ul style="list-style-type: none">• Take measures to reduce the risk of fraud, including obtaining a background and securities enforcement regulatory history check on each officer, director, and person holding more than 20% of the outstanding equity of every issuer whose securities are offered
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					<ul style="list-style-type: none">• Prohibit its directors, officers, or partners, or such person performing a similar function, from having any financial interest in an issuer using its services• Limit crowdfunding offerings to domestic issuers that are neither reporting companies under the Securities Exchange Act of 1934 nor investment companies• Reject any issuers associated with certain “bad actors” from participating, including persons with criminal convictions or court injunction in connection with the purchase or sale securities
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					<p>Additional requirements:</p> <p>Both funding portals and broker-dealers must:</p> <ul style="list-style-type: none">• Ensure that each investor: (i) reviews such investor-education material; (ii) positively affirms that the he or she understands that there is a risk of losing their entire investment, and that such investor could bear such a loss; and (iii) answer questions demonstrating: (1) an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers; and (2) an understanding of the risk of illiquidity.• Observe annual limits on issuers to sell up to an aggregate of \$1,000,000 of
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					<p>its securities during any 12 month period</p> <ul style="list-style-type: none">• Ensure that all offering proceeds are only provided to the issuer when the minimum offering amount is met or exceeded• Permit investors to cancel their commitments to invest• Ensure that no investor exceeds the maximum amount an individual is permitted to invest in such securities• Implement measures to protect the privacy of information collected from investors• Comply with U.S. Anti-Money Laundering laws
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