













Procedure file

| Basic information | |
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| COD - Ordinary legislative procedure (ex-codecision procedure) Directive | 2018/0047(COD) Procedure completed |
| Markets in financial instruments: crowdfunding service providers Amending Directive 2014/65/EU See also | 2011/0298(COD) 2018/0048(COD) |
| Subject 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.08 Financial services, financial reporting and auditing | |

| Key players | | | |
|---|---|---|--------------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| |  Economic and Monetary Affairs |  NAGTEGAAL Caroline | 18/07/2019 |
| | | Shadow rapporteur | |
| | |  MAYDELL Eva | |
| | |  HEINÄLUOMA Eero | |
| | |  JURZYCA Eugen | |
| | |  GIEGOLD Sven | |
| | Former committee responsible | | |
|  Economic and Monetary Affairs | | | 31/05/2018 |
| | |  NAGTEGAAL Caroline | |
| | Former committee for opinion | | |
|  Industry, Research and Energy | | The committee decided not to give an opinion. | |
|  Internal Market and Consumer Protection | | The committee decided not to give an opinion. | |
|  Legal Affairs | | The committee decided not to give an opinion. | |
| Council of the European Union | Council configuration Agriculture and Fisheries | Meeting 3766 | Date 20/07/2020 |
| European Commission | Commission DG | Commissioner | |

Key events

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

Technical information

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| Procedure reference | 2018/0047(COD) |
| Procedure type | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype | Legislation |

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| Legislative instrument | Directive |
| | Amending Directive 2014/65/EU 2011/0298(COD) See also 2018/0048(COD) |
| Legal basis | Treaty on the Functioning of the EU TFEU 053-p1 |
| Other legal basis | Rules of Procedure EP 159 |
| Mandatory consultation of other institutions | European Economic and Social Committee |
| Stage reached in procedure | Procedure completed |
| Committee dossier | ECON/9/01323 |

Documentation gateway

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

Additional information

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|-------------------|--------------------------|
| Research document | Briefing |
|-------------------|--------------------------|

Final act

[Directive 2020/1504](#)
[OJ L 347 20.10.2020, p. 0050](#)

Markets in financial instruments: crowdfunding service providers

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

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

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

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

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

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

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

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

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

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

Markets in financial instruments: crowdfunding service providers

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

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

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

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

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

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

Markets in financial instruments: crowdfunding service providers

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

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

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

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

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

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Markets in financial instruments: crowdfunding service providers

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

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

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

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

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

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

Markets in financial instruments: crowdfunding service providers

The European Parliament approved, in accordance with the ordinary legislative procedure, the Council's position at first reading with a view to the adoption of a directive of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments.

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

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

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

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