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AMENDMENTS

137 - 334

Draft report

Ashley Fox

(PE626.662v02-00)

European Crowdfunding Service Providers (ECSP) for Business

Proposal for a regulation

(COM(2018)0113 – C8-0103/2018 – 2018/0048(COD))

Amendment 137
Molly Scott Cato

Proposal for a regulation
Title 1

Text proposed by the Commission

Proposal for a
REGULATION OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL
on European **Crowdfunding** Service
Providers (**ECSP**) for Business
(Text with EEA relevance)

Amendment

Proposal for a
REGULATION OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL
on European **Platform Funding** Service
Providers for Business
(Text with EEA relevance)

Or. en

Amendment 138
Molly Scott Cato

Proposal for a regulation
Recital 1

Text proposed by the Commission

(1) **Crowdfunding** is increasingly *an* established **form** of alternative finance for small and medium enterprises (SMEs) at an early stage of company growth, typically relying on small investments. **Crowdfunding represents a new type** of intermediation where a crowdfunding service provider interacts with its clients through a digital platform without taking on own risk in order to match prospective investors with businesses that seek funding, irrespective of whether that funding leads to a loan agreement, to an equity stake or to another transferable security based stake. **It is therefore appropriate to include in** the scope of this Regulation both lending-based crowdfunding and **investment-based** crowdfunding, **since they are comparable business funding alternatives**.

Amendment

(1) **Peer-to-peer lending and investment provided through the mediation of online platforms are** increasingly established **forms** of alternative finance for small and medium enterprises (SMEs), at an early stage of company growth, typically relying on small investments. **Thus, online platforms for crowd-sourced lending- and equity-based funding represent new types** of intermediation where a crowdfunding service provider interacts with its clients through a digital platform without taking on own risk in order to match prospective investors with businesses that seek funding, irrespective of whether that funding leads to a loan agreement, to an equity stake or to another transferable security based stake. The scope of this Regulation **therefore includes** both

lending-based crowdfunding and *equity-based* crowdfunding *for* business. *It does not, however, include crowdfunding campaigns that are based exclusively on donations and non-financial rewards.*

Or. en

Amendment 139

Eva Kaili

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) Crowdfunding is *increasingly an established* form of alternative finance for small and medium enterprises (SMEs) at an early stage of company growth, *typically relying on small investments*. Crowdfunding represents *a new* type of intermediation where a crowdfunding service provider interacts with its clients through a digital platform without taking on own risk in order to match prospective investors with businesses that seek funding, irrespective of whether that funding leads to a loan agreement, to an equity stake or to another transferable security based stake. It is therefore appropriate to include in the scope of this Regulation both lending-based crowdfunding and investment-based crowdfunding, since they are comparable business funding alternatives.

Amendment

(1) Crowdfunding is *a* form of alternative *entrepreneurial* finance for *start-ups as well as* small and medium enterprises (SMEs) at an early stage of company growth. Crowdfunding represents *an increasingly important* type of intermediation *as well as a new asset class* where a crowdfunding service provider interacts with its clients through a digital platform without taking on own risk in order to match prospective investors with businesses that seek funding, irrespective of whether that funding leads to a loan agreement, to an equity stake or to another transferable security based stake. It is therefore appropriate to include in the scope of this Regulation both lending-based crowdfunding and investment-based crowdfunding, since they are comparable business funding alternatives.

Or. en

Amendment 140

Eva Kaili

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) Obtaining finance is challenging for small and nascent firms, particularly when they move from a start-up into the expansion phase. Crowdfunding can contribute to provide access to finance for such firms and so to complete the Capital Markets Union (CMU). Lack of access to finance for such firms constitutes a problem *even* in Member States where ***access to bank finance has remained stable throughout the financial crisis***. Crowdfunding has emerged as an established practice of funding a project or a venture, typically by a large number of people or organisations, through online platforms on which citizens, organisations and businesses, including business start-ups, raise relatively small amounts of money.

Amendment

(2) Obtaining finance is challenging for small and nascent firms, particularly when they move from a start-up into the expansion phase, ***especially in innovative technological sectors***. Crowdfunding can contribute to provide access to finance for such firms and so to complete the Capital Markets Union (CMU). Lack of access to ***entrepreneurial*** finance for such firms constitutes a problem in Member States ***with weak Private Equity and Venture Capital industries. Similarly, it constitutes a problem in cases*** where ***traditional*** financial ***intermediation institutions, like banks, operate efficiently***. Crowdfunding has emerged as an established practice of funding a project or a venture, typically by a large number of people or organisations, through online platforms on which citizens, organisations and businesses, including business start-ups, raise relatively small amounts of money.

Or. en

Amendment 141

Anne Sander, Tom Vandenkendelaere

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) Obtaining finance is challenging for small and nascent firms, particularly when they move from a start-up into the expansion phase. Crowdfunding can contribute to ***provide*** access to finance for such firms and so to ***complete*** the Capital Markets Union (CMU). Lack of access to finance for such firms constitutes a problem even in Member States where access to bank finance has remained stable

Amendment

(2) Obtaining finance is challenging for small and nascent firms, particularly when they move from a start-up into the expansion phase. Crowdfunding can contribute to ***providing*** access to finance for such firms and so to ***completing*** the Capital Markets Union (CMU). Lack of access to finance for such firms constitutes a problem even in Member States where access to bank finance has remained stable

throughout the financial crisis.
Crowdfunding has emerged as an established practice of funding a project or a venture, typically by a large number of people or organisations, through online platforms on which citizens, organisations and businesses, including business start-ups, raise relatively small amounts of money.

throughout the financial crisis.
Crowdfunding has emerged as an established practice of funding a project or a venture, typically by a large number of people or organisations, through online platforms on which citizens, organisations and businesses, including business start-ups, raise relatively small amounts of money. *Within the CMU and concerning the development of alternative funding sources, the Commission could assess the need to propose a separate European legislative framework for initial coin offerings, bearing in mind that this practice is becoming more widespread in Member States as well as internationally.*

Or. fr

Amendment 142

Eva Kaili

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) The provision of crowdfunding services generally relies on three types of actors: the **project owner** that proposes the project to be funded, investors who fund the proposed project, **generally by limited investments**, and an intermediating organisation in the form of a service provider that brings together **project owners** and investors through an online platform.

Amendment

(3) The provision of crowdfunding services generally relies on three types of actors: the **entrepreneur** that proposes the project to be funded, investors who fund the proposed project, and an intermediating organisation in the form of a service provider that brings together **entrepreneurs** and investors **or lenders** through an online platform.

Or. en

Amendment 143

Caroline Nagtegaal, Ramon Tremosa i Balcells

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) The provision of crowdfunding services generally relies on three types of actors: the project owner that proposes the project to be funded, investors who fund the proposed project, generally by limited investments, and an intermediating organisation in the form of a service provider that brings together project owners and investors through an online platform.

Amendment

(3) The provision of crowdfunding services generally relies on three types of actors: the project owner that proposes the project to be funded, investors who fund the proposed project, generally by limited investments *or loans*, and an intermediating organisation in the form of a service provider that brings together project owners and investors through an online platform.

Or. en

Amendment 144

Eva Kaili

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) In addition to providing an alternative source of financing, including venture capital, crowdfunding can offer other benefits to firms. It can provide concept and idea validation to the project *owner*, give access to a large number of people providing the entrepreneur with insights and information and be a marketing tool if a crowdfunding campaign is successful.

Amendment

(4) In addition to providing an alternative source of financing, including venture capital, crowdfunding can offer other benefits to firms. It can provide concept and idea validation to the *business or* project, give access to a large number of people providing the entrepreneur with insights and information and be a marketing tool if a crowdfunding campaign is successful.

Or. en

Amendment 145

Eva Kaili

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) Several Member States have already introduced domestic bespoke regimes on crowdfunding. Those regimes are tailored to the characteristics and needs of local markets and investors. As a result, the existing national rules diverge as regards the conditions of operation of crowdfunding platforms, the scope of permitted activities and the licencing requirements.

Amendment

(5) Several Member States have already introduced domestic bespoke regimes on crowdfunding. Those regimes are tailored to the characteristics and needs of local markets and investors. As a result, the existing national rules diverge as regards the conditions of operation of crowdfunding platforms, the scope of permitted activities and the licencing requirements. ***Thus, a harmonized approach is necessary to guarantee level-playing field and economic efficiency within the CMU.***

Or. en

Amendment 146

Eva Kaili

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) The differences between the existing national rules are such as to obstruct the cross-border provision of crowdfunding services and thus have a direct effect on the functioning of the internal market in such services. In particular, the fact that the legal framework is fragmented along national borders creates substantial legal compliance costs for retail investors who often face difficulties which are disproportional to the size of their investment in determining the rules applicable to cross-border crowdfunding services. Therefore, such investors are often discouraged from investing cross-border via crowdfunding platforms. For the same reasons crowdfunding service providers operating such platforms are discouraged from offering their services in a Member State

Amendment

(6) The differences between the existing national rules are such as to obstruct the cross-border provision of crowdfunding services and thus have a direct effect on the functioning of the internal market in such services. In particular, the fact that the legal framework is fragmented along national borders creates substantial legal compliance costs for retail investors who often face difficulties which are disproportional to the size of their investment in determining the rules applicable to cross-border crowdfunding services. Therefore, such investors are often discouraged from investing cross-border via crowdfunding platforms. For the same reasons crowdfunding service providers operating such platforms are discouraged from offering their services in a Member State

other than the one in which they are established. As a result, crowdfunding activities have remained hitherto largely national to the detriment of a Union-wide crowdfunding market, thus depriving businesses of access to crowdfunding services.

other than the one in which they are established. As a result, crowdfunding activities have remained hitherto largely national to the detriment of a Union-wide crowdfunding market, thus depriving businesses of access to crowdfunding services, *especially in cases where a business resides in Member States lacking the "access to crowd" because of its comparatively smaller population.*

Or. en

Amendment 147

Eva Kaili

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) In order to foster cross border crowdfunding activities and to facilitate the exercise of the freedom to provide and receive such services in the internal market for crowdfunding providers it is therefore necessary to address the existing obstacles to the proper functioning of the internal market in crowdfunding services., Providing for a single set of rules on the provision of crowdfunding services giving crowdfunding service providers the option to apply for a single Union-wide authorisation to exercise their activity under those rules is a suitable first step for fostering cross border crowdfunding activities and thus enhance the operation of the Single Market.

Amendment

(7) In order to foster cross border crowdfunding activities and to facilitate the exercise of the freedom to provide and receive such services in the internal market for crowdfunding providers it is therefore necessary to address the existing obstacles to the proper functioning of the internal market in crowdfunding services. Providing for a single set of *harmonized and mutually recognized* rules on the provision of crowdfunding services giving crowdfunding service providers the option to apply for a single Union-wide authorisation to exercise their activity under those rules is a suitable first step for fostering cross border crowdfunding activities and thus enhance the operation of the Single Market.

Or. en

Amendment 148

Eva Kaili

Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) In relation to investment-based crowdfunding, the transferability of a security is an important safeguard for investors to be able to exit their investment since it provides them with the legal possibility to dispose of their interest on the capital markets. This Regulation therefore only covers and permits investment-based crowdfunding services in relation to transferable securities. Financial instruments *other than transferable securities should however be excluded from the scope of this Regulation because those securities entail risks for investors that cannot be properly managed within this legal framework.*

Amendment

(11) In relation to investment-based crowdfunding, the transferability of a security is an important safeguard for investors to be able to exit their investment since it provides them with the legal possibility to dispose of their interest on the capital markets. This Regulation therefore only covers and permits investment-based crowdfunding services in relation to transferable securities *including certain types of token generating crowdfunding events, and excludes* financial instruments *that* entail risks for *retail* investors.

Or. en

Amendment 149
Eva Kaili

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

(11a) Token generating crowdfunding events, also known as Initial Coin Offerings (ICOs), provide an innovative source of funding for enterprises. Tokens are issued by firms for money raising purposes and the buyers, by acquiring the tokens, they buy claims to the ownership of the issuing firm (equity-tokens) or claims to a future cash-flow of the issuing firm (bond-tokens).

Amendment

Or. en

Amendment 150
Jakob von Weizsäcker

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) In relation to initial coin offerings (ICOs), the characteristics of such an instrument differ considerably from crowdfunding envisaged in this Regulation. ICOs usually do not use intermediaries, such as crowdfunding platforms, and often raise funds in excess of EUR 1 000 000. The inclusion of ICOs in this Regulation would not tackle the problems associated with ICOs holistically.

Or. en

Amendment 151
Eva Kaili

Proposal for a regulation
Recital 11 b (new)

Text proposed by the Commission

Amendment

(11b) ICOs can generate substantial market, fraud and cybersecurity risks for the investors, therefore crowdfunding service providers that wish to offer an ICO through their platform, should comply with specific additional requirements under this regulation. ICOs that do not use a counterparty do not fall within the scope of these requirements.

Or. en

Amendment 152

Eva Kaili

Proposal for a regulation

Recital 12

Text proposed by the Commission

(12) Given the risks associated with crowdfunding investments, it is appropriate, in the interest of the effective protection of investors, to impose a threshold for a maximum consideration for each crowdfunding offer. That threshold should be set at EUR **1 000 000, because that threshold corresponds to the threshold set out in** Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ **for the mandatory drawing up and approval of a prospectus above that** threshold.

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Amendment

(12) Given the risks associated with crowdfunding investments, it is appropriate, in the interest of the effective protection of investors **and the provision of a mechanism of market discipline**, to impose a threshold for a maximum consideration for each crowdfunding offer. That threshold should be set at EUR **8 000 000, which is the maximum threshold up to which Member States can exempt offers of securities to the public from the obligation to publish a prospectus in accordance with Article 3** Regulation (EU) 2017/1129 of the European Parliament and of the Council.⁹ **This threshold applies also in the case of token generating crowdfunding events (ICOs).**

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Or. en

Amendment 153

Anne Sander, Tom Vandenkendelaere

Proposal for a regulation

Recital 12

Text proposed by the Commission

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crowdfunding investments, it is appropriate, in the interest of the effective protection of investors, to impose a threshold for a maximum consideration for each crowdfunding offer. That threshold should be set at EUR **1 000 000**, because that threshold corresponds to the threshold set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ for the mandatory drawing up and approval of a prospectus above that threshold.

crowdfunding investments, it is appropriate, in the interest of the effective protection of investors, to impose a threshold for a maximum consideration for each crowdfunding offer. That threshold should be set at EUR **8 000 000**, because that threshold corresponds to the threshold set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ for the mandatory drawing up and approval of a prospectus above that threshold. ***This Regulation lays down the content of a key investment information document to be supplied to potential investors for every crowdfunding offer. As the key investment information document is designed to be tailored to the specific features of a crowdfunding offer and the information needs of investors, it should replace the prospectus required by Regulation (EU) 2017/1129 when securities are offered to the public. Crowdfunding offers under this Regulation should therefore be excluded from the scope of Regulation (EU) 2017/1129. Regulation (EU) 2017/1129 should be amended accordingly.***

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Or. fr

Justification

The purpose of this amendment in recital 12 is to exclude crowdfunding offers below EUR 8 million from the prospectus requirement. A key information document will be supplied instead.

Amendment 154
Caroline Nagtegaal

Proposal for a regulation
Recital 12

Text proposed by the Commission

(12) Given the risks associated with crowdfunding investments, it is appropriate, in the interest of the effective protection of investors, to impose a threshold for a maximum consideration for each crowdfunding offer. That threshold should be set at EUR **1 000 000**, because that threshold corresponds to the threshold set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ for the mandatory drawing up and approval of a prospectus above that threshold.

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Amendment

(12) Given the risks associated with crowdfunding investments, it is appropriate, in the interest of the effective protection of investors, to impose a threshold for a maximum consideration for each crowdfunding offer. That threshold should be set at EUR **8 000 000**, because that threshold corresponds to the threshold set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ for the mandatory drawing up and approval of a prospectus above that threshold.

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Or. en

Amendment 155
Marco Valli

Proposal for a regulation
Recital 12

Text proposed by the Commission

(12) Given the risks associated with crowdfunding investments, it is appropriate, in the interest of the effective protection of investors, to impose a threshold for a maximum consideration for

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each crowdfunding offer. That threshold should be set at EUR **1 000 000**, **because that threshold corresponds to the** threshold set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ for the mandatory drawing up and approval of a prospectus above that threshold.

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

each crowdfunding offer. That threshold should be set at EUR **8 000 000**, **which is the maximum** threshold set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council⁹ for the mandatory drawing up and approval of a prospectus above that threshold.

⁹ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Or. en

Amendment 156
Eva Kaili

Proposal for a regulation
Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) To ensure that crowdfunding does not lead to high volumes of financial exposure of the retail investors, maximum thresholds should apply in the case of retail investors as for EUR 4 000 per project of firm and EUR 12 000 per annum.

Or. en

Amendment 157
Eva Kaili

Proposal for a regulation
Recital 12 b (new)

Text proposed by the Commission

Amendment

(12b) To ensure the public faith to crowdfunding platforms and allow the sustainable growth of crowdfunding investments, it is instrumental the platforms to hold adequate levels of regulatory capital. To ensure a level-playing field in the EU and avoid regulatory arbitrage EUR 60 000 of minimum shared capital is required from the crowdfunding platforms in order to be licenced.

Or. en

Amendment 158

Eva Kaili

Proposal for a regulation

Recital 12 c (new)

Text proposed by the Commission

Amendment

(12c) Crowdfunding can be a valuable source for the mobilization of capital to comparatively riskier projects, thus the possibilities of blending the proceedings of crowdfunding campaigns with other traditional sources of finance can be highly benefiting for the EU prospects of growth and its long term competitive advantage.

Or. en

Amendment 159

Eva Kaili

Proposal for a regulation

Recital 13

Text proposed by the Commission

Amendment

(13) To avoid regulatory arbitrage and to ensure the effective supervision of crowdfunding service providers, crowdfunding service providers should be prohibited from accepting deposits or other repayable funds from the public, unless they are authorised as a credit institution in accordance with Article 8 of Directive 2013/36/EU of the European Parliament and of the Council¹⁰.

¹⁰ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

(13) To avoid regulatory arbitrage and to ensure the effective supervision of crowdfunding service providers, crowdfunding service providers should be prohibited from accepting deposits or other repayable funds from the public *or act as custodians*, unless they are authorised as a credit institution in accordance with Article 8 of Directive 2013/36/EU of the European Parliament and of the Council¹⁰.

¹⁰ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

Or. en

Amendment 160

Ashley Fox, Eva Kaili, Syed Kamall, Antanas Guoga, Cătălin Sorin Ivan

Proposal for a regulation

Recital 15 a (new)

Text proposed by the Commission

Amendment

(15a) In order to allow for a competitive Union-framework, crowdfunding service providers should be permitted to raise capital through their platforms using tokens. Initial Coin Offerings (ICOs) offer new and innovative ways of funding but can also generate substantial market, fraud and cyber security risks to investors. Therefore, crowdfunding service providers that wish to offer ICOs through their platform, should comply with specific additional requirements under this Regulation. Whilst project owners can still opt for the private placement of an ICO or use a prospectus for an ICO,

this regulation only covers those who opt to use a crowdfunding service provider as an intermediary. Further to this, ICOs raising in excess of EUR 8 000 000 or ICOs that do not use a centralised issuer should not fall within the scope of this Regulation. Only tokens that represent either a loan or transferable security and that have a central issuer who takes responsibility for the issuance of the tokens should be covered by the Regulation. Crowdfunding Service providers who offer ICOs via their platform should ensure that all requisite due diligence checks have been conducted in accordance with this regulation.

Or. en

Amendment 161

Marco Valli

Proposal for a regulation

Recital 15 a (new)

Text proposed by the Commission

Amendment

(15a) In order to increase the funding opportunities for European SMEs and start-ups and to enable the development of an integrated and homogenous market for crowdfunding service providers across the EU, every crowdfunding project or offer provided by each crowdfunding platform should be made publicly accessible to all investors through a centralised register established by ESMA.

Or. en

Amendment 162

Molly Scott Cato

Proposal for a regulation

Recital 15 a (new)

Text proposed by the Commission

Amendment

(15a) For the same reason, crowdfunding service providers that use Initial Coin Offerings (ICOs) on their platform should be excluded from this Regulation. To achieve efficient regulation on this emerging technology, the Commission could in future propose comprehensive EU-level legislation based on a thorough impact assessment.

Or. en

Amendment 163

Marco Valli

Proposal for a regulation

Recital 17

Text proposed by the Commission

Amendment

(17) This Regulation aims to facilitate direct investment and to avoid creating regulatory arbitrage opportunities for financial intermediaries regulated under other Union legislation, in particular Union rules governing asset managers. The use of legal structures, including special purpose vehicles, to interpose between the crowdfunding project and investors, should therefore be strictly regulated and permitted only ***where it is justified***.

(17) This Regulation aims to facilitate direct investment and to avoid creating regulatory arbitrage opportunities for financial intermediaries regulated under other Union legislation, in particular Union rules governing asset managers. The use of legal structures, including special purpose vehicles, to interpose between the crowdfunding project and investors, should therefore be strictly regulated and permitted only ***to eligible counterparties or elective professional investors as defined in Directive 2014/65/EU (MiFID)***.

Or. en

Amendment 164

Caroline Nagtegaal, Lieve Wierinck, Ramon Tremosa i Balcells

Proposal for a regulation

Recital 17 a (new)

Text proposed by the Commission

Amendment

(17a) Alternative investment instruments, such as Initial Coin Offerings, have potential in funding SMEs, innovative start-ups and scale-ups, and accelerate technology transfer, and can be an essential part of the Capital Markets Union. The legal certainty of a regulatory framework can be instrumental in increasing investor's and consumer's protection and reducing risks stemming from asymmetric information, fraudulent behaviours, illegal activities such as money laundering and tax evasion. It is therefore appropriate that the Commission in its review report analyses the necessity of a legal framework for ICOs or other alternative investment instruments and that, if deemed useful, this report is accompanied by a legislative proposal.

Or. en

Amendment 165

Ramon Tremosa i Balcells

Proposal for a regulation

Recital 17 a (new)

Text proposed by the Commission

Amendment

(17a) Online technologies such as the distributed ledger (DLT), also known as blockchain, should be monitored by the Commission in order to seek its possible utilisation in crowdfunding procedures and processes.

Or. en

Amendment 166
Eva Kaili

Proposal for a regulation
Recital 19

Text proposed by the Commission

(19) Crowdfunding service providers should operate as neutral intermediaries between clients on their crowdfunding platform. In order to prevent conflicts of interests, certain requirements should be laid down with respect to crowdfunding service providers and managers and employees, or any person directly or indirectly controlling them. ***In particular***, crowdfunding service providers should be prevented from having any financial participation in the crowdfunding offers on their crowdfunding platforms. Furthermore, shareholders holding **20 %** or more of share capital or voting rights, managers and employees, or any person directly or indirectly controlling crowdfunding platforms, should not act as clients, in relation to the crowdfunding services offered on that crowdfunding platform.

Amendment

(19) Crowdfunding service providers should operate as neutral intermediaries between clients on their crowdfunding platform. In order to prevent conflicts of interests, certain requirements should be laid down with respect to crowdfunding service providers and managers and employees, or any person directly or indirectly controlling them. ***However***, crowdfunding service providers should ***not*** be prevented from having any financial participation in the crowdfunding offers on their crowdfunding platforms ***as this will provide economic signals and incentives to align their interests with the interests of the investors***. Furthermore, shareholders holding **10 %** or more of share capital or voting rights, managers and employees, or any person directly or indirectly controlling crowdfunding platforms, should not act as clients, in relation to the crowdfunding services offered on that crowdfunding platform.

Or. en

Amendment 167
Anne Sander

Proposal for a regulation
Recital 19

Text proposed by the Commission

(19) Crowdfunding service providers should operate as neutral intermediaries between clients on their crowdfunding platform. In order to prevent conflicts of

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interests, certain requirements should be laid down with respect to crowdfunding service providers and managers and employees, or any person directly or indirectly controlling them. ***In particular***, crowdfunding service providers should be prevented from having any financial participation in the crowdfunding offers on their crowdfunding platforms. Furthermore, shareholders holding 20% or more of share capital or voting rights, managers and employees, or any person directly or indirectly controlling crowdfunding platforms, should not act as clients, in relation to the crowdfunding services offered on that crowdfunding platform.

interests, certain requirements should be laid down with respect to crowdfunding service providers and managers and employees, or any person directly or indirectly controlling them. ***Unless they disclose their investments in projects or offers posted on their websites***, crowdfunding service providers should be prevented from having any financial participation in the crowdfunding offers on their crowdfunding platforms. Furthermore, shareholders holding 20% or more of share capital or voting rights, managers and employees, or any person directly or indirectly controlling crowdfunding platforms, should not act as clients, in relation to the crowdfunding services offered on that crowdfunding platform.

Or. fr

Justification

The object of this amendment is to allow platforms to invest in the projects that they offer. A further aim is to bring the interests of platforms and their clients into line. In addition, platforms will be asked to publish their reasons for not investing in certain projects, the idea being to avoid giving rise to arbitrage.

Amendment 168

Eva Kaili

Proposal for a regulation

Recital 24

Text proposed by the Commission

(24) Crowdfunding services can be exposed to money laundering and terrorist financing risks, as underlined in the Commission's Report on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border situations¹². Safeguards should therefore be envisaged when meeting conditions for authorisation,

Amendment

(24) Crowdfunding services can be exposed to money laundering and terrorist financing risks, as underlined in the Commission's Report on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border situations¹². Safeguards should therefore be envisaged when meeting conditions for authorisation,

assessing the good repute of the management, providing payment services only through licensed entities subject to anti-money laundering and terrorist financing requirements. With a view to further ensuring financial stability by preventing risks of money *lauderign* and terrorism financing, the Commission should assess the necessity and proportionality of subjecting crowdfunding service providers to obligations for compliance with the national provisions implementing Directive (EU) 2015/849 in respect of money laundering or terrorism financing and adding such crowdfunding service providers to the list of obliged entities for the purposes of Directive (EU) 2015/849.

¹² COM(2017) 340 final, Report from the Commission to the European Parliament and the Council on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities.

assessing the good repute of the management, providing payment services only through licensed entities subject to anti-money laundering and terrorist financing requirements. With a view to further ensuring financial stability by preventing risks of money *laundering* and terrorism financing, ***and taking into account the maximum threshold of funds that can be raised by a crowdfunding offer in accordance with this Regulation***, the Commission should assess the necessity and proportionality of subjecting crowdfunding service providers to obligations for compliance with the national provisions implementing Directive (EU) 2015/849 in respect of money laundering or terrorism financing and adding such crowdfunding service providers to the list of obliged entities for the purposes of Directive (EU) 2015/849.

¹² COM(2017) 340 final, Report from the Commission to the European Parliament and the Council on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities.

Or. en

Amendment 169
Marco Valli

Proposal for a regulation
Recital 24 a (new)

Text proposed by the Commission

Amendment

(24a) For the purposes of fighting money laundering and the financing of terrorism, as well as minimising the risks of financial crime and fraud, the Commission should examine the potential application of blockchain technologies in

the crowdfunding sector in order to facilitate the verification of data and information relating to crowdfunding projects and offers intermediated on the crowdfunding platform, and increase their traceability and security;

Or. en

Amendment 170
Ashley Fox

Proposal for a regulation
Recital 25

Text proposed by the Commission

(25) To enable crowdfunding service providers to operate cross-border without facing divergent rules and thereby facilitating the funding of projects across the Union by investors from different Member States, Member States should not be allowed to impose additional requirements on crowdfunding service providers that are authorised *by ESMA*.

Amendment

(25) To enable crowdfunding service providers to operate cross-border without facing divergent rules and thereby facilitating the funding of projects across the Union by investors from different Member States, Member States should not be allowed to impose additional requirements on crowdfunding service providers that are authorised *under this Regulation*.

Or. en

Amendment 171
Jonás Fernández

Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) In order for prospective investors to have a clear understanding of the nature, risks, costs and charges of crowdfunding services, crowdfunding service providers should provide their clients with *appropriate* information.

Amendment

(29) In order for prospective investors to have a clear understanding of the nature, risks, costs and charges of crowdfunding services, crowdfunding service providers should provide their clients with *clear and disaggregated* information.

Amendment 172**Eva Kaili****Proposal for a regulation****Recital 30***Text proposed by the Commission*

(30) Investments in products marketed on crowdfunding platforms are not comparable to traditional investments products or savings products and should not be marketed as such. However, to ensure that prospective investors understand the level of risk associated with crowdfunding investments, crowdfunding service providers **should** run an entry knowledge test of their prospective investors to establish their knowledge of investment. Crowdfunding service providers should explicitly warn prospective investors whenever the crowdfunding services provided are deemed as inappropriate for them.

Amendment

(30) Investments in products marketed on crowdfunding platforms are not comparable to traditional investments products or savings products and should not be marketed as such. However, to ensure that prospective investors understand the level of risk associated with crowdfunding investments, crowdfunding service providers **is mandatory to** run an entry knowledge test of their prospective investors to establish their knowledge of investment. Crowdfunding service providers should explicitly warn prospective investors whenever the crowdfunding services provided are deemed as inappropriate for them.

Amendment 173**Eva Kaili****Proposal for a regulation****Recital 32***Text proposed by the Commission*

(32) The key investment information sheet should also take into account the specific features and risks associated with early stage companies, and focus on material information about the project owners, the investors' rights and fees, and the type of securities offered and loan agreements. Because the project owner

Amendment

(32) The key investment information sheet should also take into account the specific features and risks associated with early stage companies, and focus on material information about the project owners, the investors' rights and fees, and the type of securities offered and loan agreements. **Comparability is instrumental**

concerned is in the best position to provide that information, the key investment information sheet should be drawn up by that project owner. However, since crowdfunding service providers are responsible for informing their prospective investors, they should ensure that the key investment information sheet is complete.

for the prospective investors, thus certain financial ratios (instead of financial statements) describing the profitability, operational efficiency and liquidity of the business should be provided. Because the project owner concerned is in the best position to provide that information, the key investment information sheet should be drawn up by that project owner. However, since crowdfunding service providers are responsible for informing their prospective investors, they should ensure that the key investment information sheet is complete *and they have made minimum due diligence that the information provided is truthful and unbiased.*

Or. en

Amendment 174

Anne Sander

Proposal for a regulation

Recital 37

Text proposed by the Commission

(37) To ensure fair and non-discriminatory treatment of investors, crowdfunding service providers that are promoting their services through marketing communications should not treat any particular project more favourably *by singling it out from other projects offered on their platform. Any open or planned projects should therefore not feature in marketing communications of a crowdfunding platform.* Crowdfunding service providers should however not be prevented from mentioning successfully closed offers in which investments through the platform are no longer possible.

Amendment

(37) To ensure fair and non-discriminatory treatment of investors, crowdfunding service providers that are promoting their services through marketing communications should not treat any particular project more favourably *unless the selection of that project or offer is based on objective considerations related, for example, to an investor's predetermined risk profile.* Crowdfunding service providers should, however, not be prevented from mentioning successfully closed offers in which investments through the platform are no longer possible.

Or. fr

Justification

Platforms should be allowed to communicate with their customers about projects that they are offering. Communication for that purpose should be based on objective considerations (in other words, it has to match the needs/preferences expressed by investors when they determined their investor profiles).

Amendment 175

Marco Valli

Proposal for a regulation

Recital 37

Text proposed by the Commission

(37) To ensure fair and non-discriminatory treatment of investors, crowdfunding service providers that are promoting their services through marketing communications should not treat any particular project more favourably **by singling it out from** other projects offered on their **platform. Any open or planned projects should therefore not feature in marketing communications of a crowdfunding** platform. Crowdfunding service providers should however **not be prevented from mentioning** successfully closed offers in which investments through the platform are no longer possible.

Amendment

(37) To ensure fair and non-discriminatory treatment of investors **and project owners**, crowdfunding service providers that are promoting their services through marketing communications should not treat any particular project more favourably **than** other projects offered on their platform. Crowdfunding service providers should however **be allowed to mention** successfully closed offers in which investments through the platform are no longer possible **to facilitate the comparability of project outcomes**.

Or. en

Amendment 176

Eva Kaili

Proposal for a regulation

Recital 37

Text proposed by the Commission

(37) To ensure fair and non-discriminatory treatment of investors, crowdfunding service providers that are promoting their services through marketing

Amendment

(37) To ensure fair and non-discriminatory treatment of investors, crowdfunding service providers that are promoting their services through marketing

communications should not treat any particular project more favourably by singling it out from other projects offered on their platform. ***Any open or planned projects should therefore not feature in marketing communications of a crowdfunding platform.*** Crowdfunding service providers should however not be prevented from mentioning successfully closed offers in which investments through the platform are no longer possible.

communications should not treat any particular project more favourably by singling it out from other projects offered on their platform. Crowdfunding service providers should however not be prevented from mentioning successfully closed offers in which investments through the platform are no longer possible. ***In the same line crowdfunding platforms should also inform investors about the default rates of their platform.***

Or. en

Amendment 177
Neena Gill

Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) It is important to effectively and efficiently ensure compliance with the requirements for authorisation and for the provision of crowdfunding services, in accordance with this Regulation. ***ESMA should therefore be conferred competences to grant authorisation and exercise oversight.*** To enable ESMA to fulfil that supervisory mandate, it should be given the power to request information, carry out general investigations and on-site inspections, issue public notices and warnings and impose sanctions. ESMA should make use of its oversight and sanctioning competences in a proportionate manner.

Amendment

(40) It is important to effectively and efficiently ensure compliance with the requirements for authorisation and for the provision of crowdfunding services, in accordance with this Regulation. To enable ESMA to fulfil that supervisory mandate, it should be given the power to request information, carry out general investigations and on-site inspections, issue public notices and warnings and impose sanctions. ESMA should make use of its oversight and sanctioning competences in a proportionate manner.

Or. en

Amendment 178
Marco Valli

Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) It is important to effectively and efficiently ensure compliance with the requirements for authorisation and for the provision of crowdfunding services, in accordance with this Regulation. **ESMA** should therefore be conferred competences to grant authorisation and exercise oversight. **To enable ESMA to fulfil that supervisory mandate, it** should be given the power to request information, carry out general investigations and on-site inspections, issue public notices and warnings and impose sanctions. **ESMA** should make use of its oversight and sanctioning competences in a proportionate manner.

Amendment

(40) It is important to effectively and efficiently ensure compliance with the requirements for authorisation and for the provision of crowdfunding services, in accordance with this Regulation. **The national competent authority** should therefore be conferred competences to grant authorisation and exercise oversight. **The national competent authority** should be given the power to request information, carry out general investigations and on-site inspections, issue public notices and warnings and impose sanctions. **The national competent authority** should make use of its oversight and sanctioning competences in a proportionate manner.

Or. en

Amendment 179
Caroline Nagtegaal

Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) It is important to effectively and efficiently ensure compliance with the requirements for authorisation and for the provision of crowdfunding services, in accordance with this Regulation. ESMA should therefore be conferred competences to grant authorisation and exercise oversight. To enable ESMA to fulfil that supervisory mandate, it should be given the power to request information, carry out general investigations and on-site inspections, issue public notices and warnings and impose sanctions. ESMA should make use of its oversight and

Amendment

(40) It is important to effectively and efficiently ensure compliance with the requirements for authorisation and for the provision of crowdfunding services, in accordance with this Regulation. ESMA should therefore be conferred competences to grant authorisation and exercise oversight. To enable ESMA to fulfil that supervisory mandate, it should be given the power to request information, carry out general investigations and on-site inspections, issue public notices and warnings and impose sanctions. ESMA should make use of its oversight and

sanctioning competences in a proportionate manner.

sanctioning competences in a proportionate manner ***and should work closely together with national competent authorities.***

Or. en

Amendment 180
Neena Gill

Proposal for a regulation
Recital 41

Text proposed by the Commission

Amendment

(41) Granting those competences to ESMA allows for a more efficient and centrally managed authorisation and oversight, generating economies of scale. Such a central supervisory regime is beneficial to the market participants in terms of greater transparency, investor protection and market efficiency.

deleted

Or. en

Amendment 181
Caroline Nagtegaal, Ramon Tremosa i Balcells

Proposal for a regulation
Recital 41

Text proposed by the Commission

Amendment

(41) Granting those competences to ESMA allows for a more efficient and centrally managed authorisation and oversight, generating economies of scale. Such a central supervisory regime is beneficial to the market participants in terms of greater transparency, investor protection and market efficiency.

(41) Granting those competences to ESMA allows for a more efficient and centrally managed authorisation and oversight, generating economies of scale. Such a central supervisory regime *avoids divergence within the Union and*** is beneficial to the market participants in terms of greater transparency, investor protection and market efficiency.**

Or. en

Amendment 182
Neena Gill

Proposal for a regulation
Recital 42

Text proposed by the Commission

(42) ESMA should charge fees on directly supervised entities to cover its costs, including overheads. The level of the fee should be proportionate to the size of a directly supervised entity, having regard to the early stage of development of the crowdfunding industry.

Amendment

deleted

Or. en

Amendment 183
Marco Valli

Proposal for a regulation
Recital 42

Text proposed by the Commission

(42) ESMA should charge fees on directly supervised entities to cover its costs, including overheads. The level of the fee should be proportionate to the size of a directly supervised entity, having regard to the early stage of development of the crowdfunding industry.

Amendment

(42) *The national competent authority* should charge fees on directly supervised entities to cover its costs, including overheads. The level of the fee should be proportionate to the size of a directly supervised entity, having regard to the early stage of development of the crowdfunding industry.

Or. en

Amendment 184
Molly Scott Cato

Proposal for a regulation
Article 1 – paragraph 1 – point a

Text proposed by the Commission

(a) the operation and organisation of crowdfunding service providers;

Amendment

(a) the operation and organisation of ***lending- and equity-based*** crowdfunding service providers;

Or. en

Amendment 185
Molly Scott Cato

Proposal for a regulation
Article 1 – paragraph 1 – point b

Text proposed by the Commission

(b) the authorisation and supervision of crowdfunding service providers;

Amendment

(b) the authorisation and supervision of ***lending- and equity-based*** crowdfunding service providers;

Or. en

Amendment 186
Molly Scott Cato

Proposal for a regulation
Article 1 – paragraph 1 – point c

Text proposed by the Commission

(c) transparency and marketing communications in relation to the provision of crowdfunding services in the Union.

Amendment

(c) transparency and marketing communications in relation to the provision of ***lending- and equity-based*** crowdfunding services in the Union.

Or. en

Amendment 187
Molly Scott Cato

Proposal for a regulation
Article 2 – paragraph 1

Text proposed by the Commission

1. This Regulation shall apply to legal persons who choose to seek authorisation in accordance with Article 10 and to crowdfunding service providers authorised in accordance with that Article, in relation to the provision of crowdfunding services.

Amendment

1. This Regulation shall apply to legal persons who choose to seek authorisation in accordance with Article 10 and to crowdfunding service providers authorised in accordance with that Article, in relation to the provision of crowdfunding services. ***These legal persons shall have an effective and stable establishment in a Member State of the Union in order to be eligible to apply for authorisation.***

Or. en

Amendment 188
Molly Scott Cato

Proposal for a regulation
Article 2 – paragraph 2 – point c

Text proposed by the Commission

(c) crowdfunding services that are provided by natural or legal persons in accordance with national law;

Amendment

deleted

Or. en

Amendment 189
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 2 – point c

Text proposed by the Commission

(c) crowdfunding services that are provided by natural or legal persons in accordance with national law;

Amendment

deleted

Or. en

Amendment 190
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

(ca) No national rules on licence requirements relating to project owners or investors shall prevent them to make use of crowdfunding services provided by crowdfunding service providers pursuant to and authorised under this Regulation

Or. en

Amendment 191
Caroline Nagtegaal

Proposal for a regulation
Article 2 – paragraph 2 – point d

Text proposed by the Commission

Amendment

(d) crowdfunding offers with a consideration of more than EUR **1 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

(d) crowdfunding offers with a consideration of more than EUR **8 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Or. en

Amendment 192
Marco Valli

Proposal for a regulation
Article 2 – paragraph 2 – point d

Text proposed by the Commission

Amendment

(d) crowdfunding offers with a

(d) crowdfunding offers with a

consideration of more than EUR **1 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

consideration of more than EUR **8 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Or. en

Amendment 193
Anne Sander, Tom Vandenkendelaere

Proposal for a regulation
Article 2 – paragraph 2 – point d

Text proposed by the Commission

(d) crowdfunding offers with a consideration of more than EUR **1 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Amendment

(d) crowdfunding offers with a consideration of more than EUR **8 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Or. fr

Justification

This amendment seeks to raise the threshold for the requirement for a platform to issue a prospectus. The EUR 1 million threshold might have a restrictive effect in years to come.

Amendment 194
Brian Hayes

Proposal for a regulation
Article 2 – paragraph 2 – point d

Text proposed by the Commission

(d) crowdfunding offers with a consideration of more than EUR **1 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Amendment

(d) crowdfunding offers with a consideration of more than EUR **8 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Amendment 195

Eva Kaili

Proposal for a regulation

Article 2 – paragraph 2 – point d

Text proposed by the Commission

(d) crowdfunding offers with a consideration of more than EUR **1 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Amendment

(d) crowdfunding offers with a consideration of more than EUR **8 000 000** per crowdfunding offer, which shall be calculated over a period of 12 months with in regard to a particular crowdfunding project.

Or. en

Amendment 196

Ashley Fox, Eva Kaili, Syed Kamall, Antanas Guoga, Cătălin Sorin Ivan

Proposal for a regulation

Article 2 – paragraph 2 – point d a (new)

Text proposed by the Commission

Amendment

(da) crowdfunding service providers that facilitate the raising of capital through their platforms via Initial Coin Offerings (ICO) that issue tokens that do not have a centralised issuer.

Or. en

Amendment 197

Molly Scott Cato

Proposal for a regulation

Article 2 – paragraph 2 – point a a (new)

Text proposed by the Commission

Amendment

(aa) Crowdfunding service providers that use Initial Coin Offerings (ICOs) on their platforms;

Or. en

Amendment 198

Caroline Nagtegaal, Ramon Tremosa i Balcells

Proposal for a regulation

Article 2 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Member State legislation on license requirements relating to project owners or investors shall not prevent them from using crowdfunding services provided by crowdfunding service providers pursuant to and authorised under this Regulation.

Or. en

Amendment 199

Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – introductory part

Text proposed by the Commission

Amendment

(a) ‘crowdfunding service’ means the *matching of business funding interest of investors and project owners through the use* of a crowdfunding platform *and* which *consist of* any of the following:

(a) ‘crowdfunding service’ means the *provision* of a crowdfunding platform which *enables* any of the following:

Or. en

Amendment 200

Eva Kaili

Proposal for a regulation

Article 3 – paragraph 1 – point a – introductory part

Text proposed by the Commission

(a) ‘crowdfunding service’ means the matching of ***business funding interest of*** investors ***and*** project owners through the use of a crowdfunding platform and which consist of any of the following:

Amendment

(a) ‘crowdfunding service’ means the matching of investors ***or lenders who aim to provide capital to businesses on the one side and firms or project owners on the other side,*** through the use of a crowdfunding platform and which consist of any of the following:

Or. en

Amendment 201

Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point i

Text proposed by the Commission

(i) ***the facilitation of granting of loans;***

Amendment

(i) ***Direct offer crowdfunding service:***

Or. en

Amendment 202

Molly Scott Cato

Proposal for a regulation

Article 3 – paragraph 1 – point a – point i

Text proposed by the Commission

(i) the facilitation of granting of loans;

Amendment

(i) the facilitation of granting of loans, ***also called lending-based crowdfunding;***

Or. en

Amendment 203
Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point i – point a (new)

Text proposed by the Commission

Amendment

(a) the facilitation of only matching the investor with the project owner(s); and

Or. en

Amendment 204
Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point i – point b (new)

Text proposed by the Commission

Amendment

(b) the facilitation of only matching the project owner with investor(s).

Or. en

Amendment 205
Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point ii

Text proposed by the Commission

Amendment

(ii) the placing without firm commitment, as referred to in point 7 of Section A of Annex I to Directive 2014/65/EU, of transferable securities issued by project owners and the reception and transmission of client orders, as referred to in point 1 of Section A to Annex I to Directive 2014/65, with regard to those transferable securities;

(ii) Intermediated Crowdfunding Service:

Amendment 206
Eva Kaili

Proposal for a regulation
Article 3 – paragraph 1 – point a – point ii

Text proposed by the Commission

(ii) the placing without firm commitment, as referred to in point 7 of Section A of Annex I to Directive 2014/65/EU, of transferable securities issued by project owners and the reception and transmission of client orders, as referred to in point 1 of Section A to Annex I to Directive 2014/65, with regard to those transferable securities;

Amendment

(ii) the placing without firm commitment, as referred to in point 7 of Section A of Annex I to Directive 2014/65/EU, of transferable securities, ***including tokens from an ICO***, issued by ***businesses and*** project owners and the reception and transmission of client orders, as referred to in point 1 of Section A to Annex I to Directive 2014/65, with regard to those transferable securities;

Amendment 207
Molly Scott Cato

Proposal for a regulation
Article 3 – paragraph 1 – point a – point ii

Text proposed by the Commission

(ii) the placing without firm commitment, as referred to in point 7 of Section A of Annex I to Directive 2014/65/EU, of transferable securities issued by project owners and the reception and transmission of client orders, as referred to in point 1 of Section A to Annex I to Directive 2014/65, with regard to those transferable securities;

Amendment

(ii) the placing without firm commitment, as referred to in point 7 of Section A of Annex I to Directive 2014/65/EU, of transferable securities issued by project owners and the reception and transmission of client orders, as referred to in point 1 of Section A to Annex I to Directive 2014/65, with regard to those transferable securities, ***also called equity-based crowdfunding***;

Amendment 208
Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point ii – point a (new)

Text proposed by the Commission

Amendment

(a) the facilitation of at least matching the investor with the project owner(s) and determining the pricing and packaging of offers; and/or

Or. en

Amendment 209
Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point ii – point b (new)

Text proposed by the Commission

Amendment

(b) the facilitation of at least matching the project owner with investor(s) and or determining pricing of offers.

Or. en

Amendment 210
Ashley Fox

Proposal for a regulation

Article 3 – paragraph 1 – point a – point ii a (new)

Text proposed by the Commission

Amendment

(iia) At least, the following activities (among others) shall be considered as services referred to in point ii:

(a) the placing without firm commitment, as referred to in point 7 of

Section A of Annex I to Directive 2014/65/EU, of transferable securities issued by project owners;

(b) the offer of investment advice, as referred to in point 5 of Section A to Annex I to Directive 2014/65/EU, with regards to those transferable securities; and

(c) the reception and transmission of client orders, as referred to in point 1 of Section A to Annex I to Directive 2014/65, with regard to those transferable securities

Or. en

Amendment 211
Marco Valli

Proposal for a regulation
Article 3 – paragraph 1 – point a – point ii a (new)

Text proposed by the Commission

Amendment

(iia) the facilitation of offerings by investors to an entity issuing tokens via an Initial Coins Offerings (ICOs) using a counterparty;

Or. en

Amendment 212
Molly Scott Cato

Proposal for a regulation
Article 3 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) ‘crowdfunding service provider’ means a legal person who provides crowdfunding services and has been authorised for that purpose by the

(c) ‘crowdfunding service provider’ means a legal person who provides ***lending- and equity-based*** crowdfunding services and has been authorised for that

European Securities and Markets Authority (ESMA) in accordance with Article 11 of this Regulation;

purpose by the European Securities and Markets Authority (ESMA) in accordance with Article 11 of this Regulation;

Or. en

Amendment 213
Marco Valli

Proposal for a regulation
Article 3 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(da) "Initial Coin Offering or ICO" means any offer to the public by a firm issuing tokens representing either:

(a) a legal claim on the ownership of the issuing firm equivalent to shares in companies (equity-tokens);

(b) a legal claim on a future cash flow of the issuing firm equivalent to bonds (bond-tokens).

This characteristic qualifies tokens as "transferable securities" as referred to in point (i) of this paragraph.

Or. en

Amendment 214
Eva Kaili

Proposal for a regulation
Article 3 – paragraph 1 – point i a (new)

Text proposed by the Commission

Amendment

(ia) 'Initial Coin Offering or ICO' means a token generating crowdfunding event issued and sold by a business entity that gives to the buyer the right to claim an equity ownership to the issuing firm (equity-token), or a claim to the future

cash-flow of the firm (bond-token).

Or. en

Amendment 215

Eva Kaili

Proposal for a regulation

Article 3 – paragraph 1 – point i b (new)

Text proposed by the Commission

Amendment

(ib) 'loan' means an agreement under which an amount is available by one or more clients to one or more project owner through the crowdfunding platform which is repayable or returnable;

Or. en

Amendment 216

Ashley Fox, Eva Kaili, Syed Kamall, Antanas Guoga, Cătălin Sorin Ivan

Proposal for a regulation

Article 3 – paragraph 1 – point l a (new)

Text proposed by the Commission

Amendment

(la) 'Initial Coin Offering' or 'ICO' means a method of raising funds from the public using tokens that are put for sale by a business or an individual in exchange for fiat or cryptocurrencies.

Or. en

Amendment 217

Ashley Fox, Eva Kaili, Syed Kamall, Antanas Guoga, Cătălin Sorin Ivan

Proposal for a regulation

Article 3 – paragraph 1 – point l b (new)

Text proposed by the Commission

Amendment

(lb) *‘token’ means any form of digital medium of exchange, a digital unit of account and/or a store of value that is used to serve as or represent an asset*

Or. en

Amendment 218

Ashley Fox, Eva Kaili, Syed Kamall, Antanas Guoga, Cătălin Sorin Ivan

Proposal for a regulation

Article 3 – paragraph 1 – point l c (new)

Text proposed by the Commission

Amendment

(lc) *‘cryptocurrency’ means a maths-based decentralised convertible virtual currency that is protected by cryptography, relies on public and private keys to transfer value from one person to another and may be cryptographically signed each time it is transferred;*

Or. en

Amendment 219

Marco Valli

Proposal for a regulation

Article 3 – paragraph 2

Text proposed by the Commission

Amendment

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 38 to specify further technical elements of the definitions laid down in paragraph 1 to take into account market developments, technological developments and experience in the operation of crowdfunding platforms and provision of crowdfunding services.

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 38 to specify further technical **and legal** elements of the definitions laid down in paragraph 1 to take into account market developments, technological developments and experience in the operation of crowdfunding platforms and provision of crowdfunding services.

Amendment 220
Molly Scott Cato

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission

1. Crowdfunding services shall only be provided by legal persons that have an effective and stable establishment in a Member State of the Union and that have been authorised as crowdfunding service providers in accordance with Article **11** of this Regulation.

Amendment

1. Crowdfunding services shall only be provided by legal persons that have an effective and stable establishment in a Member State of the Union and that have been authorised as crowdfunding service providers in accordance with Article **10** of this Regulation. ***Accordingly, legal persons established in a third country cannot apply for authorisation as crowdfunding service providers in accordance with this Regulation.***

Amendment 221
Eva Kaili

Proposal for a regulation
Article 4 – paragraph 3

Text proposed by the Commission

3. Crowdfunding service providers shall not pay or accept any remuneration, discount or non-monetary benefit for routing investors' orders to a particular crowdfunding offer made on ***theirs*** platform or to a particular crowdfunding offer provided on a third party platform.

Amendment

3. Crowdfunding service providers shall not pay or accept any remuneration, discount or non-monetary benefit for routing investors' orders to a particular crowdfunding offer made on ***their*** platform or to a particular crowdfunding offer provided on a third party platform.

Amendment 222

Marco Valli

Proposal for a regulation
Article 4 – paragraph 5

Text proposed by the Commission

5. As regards the use of special purpose vehicles for the provision of crowdfunding services, crowdfunding service providers shall only have the right to transfer one *asset* to the special purpose vehicle to enable investors to take exposure to *that asset* by means of acquiring securities. The decision to take exposure to that underlying asset shall exclusively lie with investors.

Amendment

5. As regards the use of *investment vehicles, including* special purpose vehicles for the provision of crowdfunding services *to investors which are eligible counterparties or elective professional investors as defined in Directive 2014/65/EU*, crowdfunding service providers shall only have the right to transfer one *or more assets* to the special purpose vehicle to enable investors to take exposure to *those assets* by means of acquiring securities. The decision to take exposure to that underlying asset shall exclusively lie with investors.

Or. en

Amendment 223
Ashley Fox

Proposal for a regulation
Article 4 – paragraph 5

Text proposed by the Commission

5. As regards the use of special purpose vehicles for the provision of crowdfunding services, crowdfunding service providers shall only have the right to transfer one asset to the special purpose vehicle to enable investors to take exposure to that asset by means of acquiring securities. The decision to take exposure to that underlying asset shall exclusively lie with investors.

Amendment

5. As regards the use of special purpose vehicles for the provision of crowdfunding services *for investors who are not eligible counterparties*, crowdfunding service providers shall only have the right to transfer one asset to the special purpose vehicle to enable investors to take exposure to that asset by means of acquiring securities. The decision to take exposure to that underlying asset shall exclusively lie with investors.

Or. en

Amendment 224

Ashley Fox, Eva Kaili, Syed Kamall, Antanas Guoga, Cătălin Sorin Ivan

Proposal for a regulation

Article 4 a (new)

Text proposed by the Commission

Amendment

Article 4a

Provision of Initial Coin Offerings

- 1. This Regulation shall apply to crowdfunding service providers authorised in accordance with Article 10 who facilitates ICOs that fall within the scope of this Article 4a.***
- 2. This Regulation shall only apply to ICOs of tokens where there is a centralised issuer of the tokens.***
- 3. This Regulation shall only apply to ICOs of tokens that are either loans or transferable securities.***
- 4. This Regulation shall only apply to the primary issuance or selling of tokens and not secondary trading of such tokens.***
- 5. This Regulation shall not apply to private placement of tokens.***
- 6. This Regulation shall not apply to ICOs with a consideration of more than EUR 8 000 000 per issuance in an ICO.***

Or. en

Amendment 225

Eva Kaili

Proposal for a regulation

Article 4 a (new)

Text proposed by the Commission

Amendment

Article 4a

Provision of Initial Coin Offerings

- 1. Crowdfunding service providers who offer services referred to in point (iv) of Article 3(1)(ia) shall be within the scope of this regulation subject to fulfilling the criteria of Article 10.*
- 2. This Regulation shall only apply to the primary selling of tokens.*
- 3. This regulation shall not apply to private placement of the tokens.*

Or. en

Amendment 226
Marco Valli

Proposal for a regulation
Article 5 a (new)

Text proposed by the Commission

Amendment

Article 5a

Due diligence requirements

- 1. Crowdfunding service providers shall carry out a minimum level of due diligence on project owners that propose the project to be funded in their crowdfunding platform.*
- 2. The minimum level of due diligence referred to in paragraph 1 shall comprise:*
 - (a) absence of criminal record in respect of convictions or penalties of national rules in force in the fields of commercial law, insolvency law, financial services legislation, anti-money laundering legislation, fraud or professional liability;*
 - (b) proof that the project owner or the firm that seek to be funded through the crowdfunding platform is not established in jurisdictions listed under the relevant UE policy on non-cooperative*

jurisdictions, or that are identified as high-risk third countries pursuant to Article 9(2) of Directive (EU) 2015/849 of the European Parliament and of the Council, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information.

Or. en

Amendment 227

Eva Kaili

Proposal for a regulation

Article 6 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall **establish and** maintain effective and transparent procedures for the prompt, fair and consistent handling of complaints received from clients.

Amendment

1. Crowdfunding service providers shall **have in place**, maintain **and describe publicly** effective and transparent procedures for the prompt, fair and consistent handling of complaints received from clients.

Or. en

Amendment 228

Anne Sander

Proposal for a regulation

Article 6 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall establish and maintain effective **and** transparent procedures for the prompt, fair and consistent handling of complaints received from clients.

Amendment

1. Crowdfunding service providers shall establish and maintain effective, transparent, **and standardised** procedures for the prompt, fair and consistent handling of complaints received from clients.

Or. fr

Amendment 229
Anne Sander

Proposal for a regulation
Article 7 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall not have any financial participation in any crowdfunding offer on their crowdfunding platforms.

Amendment

1. Crowdfunding service providers shall not have any financial participation in any crowdfunding offer on their crowdfunding platforms, ***unless they disclose the relevant information in an appropriate manner for prospective investors and investors registered on the platform. Crowdfunding service providers shall lay down clear and transparent selection procedures.***

Or. fr

Justification

Platforms should be allowed to communicate with their customers about projects that they are offering. Communication for that purpose should be based on objective considerations. Once investors have specified their risk profile, it might be helpful if a platform could suggest projects consistent with what they were seeking.

Amendment 230
Caroline Nagtegaal

Proposal for a regulation
Article 7 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall not have any financial participation in any crowdfunding offer on their crowdfunding platforms.

Amendment

1. Crowdfunding service providers shall not have any financial participation in any crowdfunding offer on their crowdfunding platforms, ***except where that financial participation is designed to ensure on a systematic basis across all offers an alignment of interests between the crowdfunding service providers and the investors or as a means of intervention***

to ensure the integrity of the marketplace.

Or. en

Amendment 231
Marco Valli

Proposal for a regulation
Article 7 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall not have any financial participation in any crowdfunding offer on their crowdfunding platforms.

Amendment

1. Crowdfunding service providers shall not have any financial participation in any crowdfunding offer on their crowdfunding platforms *except if the financial participation concerns all projects or offers in a systematic and non-discriminatory way, with the aim to ensure an alignment of interests among investors;*

Or. en

Amendment 232
Marco Valli

Proposal for a regulation
Article 7 – paragraph 2

Text proposed by the Commission

2. Crowdfunding service providers shall not accept as their clients any of their shareholders holding 20% or more of share capital or voting rights, any of their managers or employees, or any person *directly or indirectly linked to those shareholders, managers and employees by control as defined in Article 4(1)(35)(b) of Directive 2014/65/EU.*

Amendment

2. Crowdfunding service providers shall not accept as their clients any of their shareholders holding 20% or more of share capital or voting rights, any of their managers or employees, or any person *who exercises, or is in the position to exercise, significant influence or control over the crowdfunding projects and offers provided in the crowdfunding platform.*

Or. en

Amendment 233

Eva Kaili

Proposal for a regulation

Article 7 – paragraph 2

Text proposed by the Commission

2. Crowdfunding service providers shall not accept as their clients any of their shareholders holding **20%** or more of share capital or voting rights, any of their managers or employees, or any person directly or indirectly linked to those shareholders, managers and employees by control as defined in Article 4(1)(35)(b) of Directive 2014/65/EU.

Amendment

2. Crowdfunding service providers shall not accept as their clients any of their shareholders holding **10%** or more of share capital or voting rights, any of their managers or employees, or any person directly or indirectly linked to those shareholders, managers and employees by control as defined in Article 4(1)(35)(b) of Directive 2014/65/EU.

Or. en

Amendment 234

Eva Kaili

Proposal for a regulation

Article 7 – paragraph 5

Text proposed by the Commission

5. Crowdfunding service providers shall disclose to their clients and potential clients the general nature and sources of conflicts of interest and the steps taken to mitigate those risks ***when they consider that this is necessary for the measures taken in accordance with the internal rules referred to in paragraph 3 to be effective.***

Amendment

5. Crowdfunding service providers shall disclose to their clients and potential clients the general nature and sources of conflicts of interest and the steps taken to mitigate those risks.

Or. en

Amendment 235

Eva Kaili

Proposal for a regulation
Article 7 a (new)

Text proposed by the Commission

Amendment

Article 7a

***Alignment of the Interests of the Platform
with the Investors***

- 1. To ensure that platforms align their incentives with those of the investors incentive mechanisms shall be encouraged.***
- 2. Crowdfunding platforms may participate in the funding of a project. This participation shall not exceed the 2% of the capital accumulated for the project;***
- 3. A success fee (carry) may be granted to the crowdfunding service provider whenever the project exits successfully from the platform;***
- 4. Crowdfunding service providers shall describe to ESMA the alignment of interests policy that they plan to use prior to the authorization and request its approval.***
- 5. Platforms may modify the alignment of interests policy every three years. Any modification is subject to approval of ESMA.***
- 6. Platforms shall explicitly describe their alignment of interests policy on their website in a prominent place.***

Or. en

Amendment 236
Marco Valli

Proposal for a regulation
Article 8 – paragraph 2

Text proposed by the Commission

2. Outsourcing of operational functions shall not impair materially the quality of the crowdfunding service providers' internal control and the ability of *ESMA* to monitor the crowdfunding service provider's compliance with all obligations laid down in this Regulation.

Amendment

2. Outsourcing of operational functions shall not impair materially the quality of the crowdfunding service providers' internal control and the ability of *the national competent authority* to monitor the crowdfunding service provider's compliance with all obligations laid down in this Regulation.

Or. en

Amendment 237

Eva Kaili

Proposal for a regulation

Article 8 – paragraph 2

Text proposed by the Commission

2. Outsourcing of operational functions shall not impair *materially* the quality of the crowdfunding service providers' internal control and the ability of ESMA to monitor the crowdfunding service provider's compliance with all obligations laid down in this Regulation.

Amendment

2. Outsourcing of operational functions shall not impair the quality of the crowdfunding service providers' internal control and the ability of ESMA to monitor the crowdfunding service provider's compliance with all obligations laid down in this Regulation.

Or. en

Amendment 238

Eva Kaili

Proposal for a regulation

Article 9 – paragraph 2

Text proposed by the Commission

2. Crowdfunding service providers or third party providers acting on their behalf shall not hold clients' funds or provide payment services unless those funds are intended for the provision of payment

Amendment

2. Crowdfunding service providers or third party providers acting on their behalf shall not hold clients' funds or provide payment services *or act as custodians* unless those funds are intended for the

services related to the crowdfunding services and the crowdfunding service provider or the third party provider acting on its behalf is a payment service provider as defined in Article 4(11) of Directive (EU) 2015/2366.

provision of payment services related to the crowdfunding services and the crowdfunding service provider or the third party provider acting on its behalf is a payment service provider as defined in Article 4(11) of Directive (EU) 2015/2366.

Or. en

Amendment 239
Anne Sander

Proposal for a regulation
Article 9 – paragraph 4

Text proposed by the Commission

4. Where crowdfunding service providers do not provide payment services or the holding and safeguarding of funds in relation to the crowdfunding services either themselves or through a third party, such crowdfunding service providers shall put in place and maintain arrangements to ensure that project owners accept funding of crowdfunding offers or any payment only by means of a payment service provider as defined in Article 4(11) of Directive (EU) 2015/2366.

Amendment

4. Where crowdfunding service providers do not provide payment services or the holding and safeguarding of funds in relation to the crowdfunding services either themselves or through a third party, such crowdfunding service providers shall put in place and maintain arrangements to ensure that project owners accept funding of crowdfunding offers or any payment only by means of a payment service provider **or an agent providing payment services** as defined in Article 4(11) **and Article 19** of Directive (EU) 2015/2366.

Or. fr

Justification

Platforms should be allowed to provide a payment service through third parties, i.e. in accordance with Article 19 of PSD 2.

Amendment 240
Brian Hayes

Proposal for a regulation
Article 10 – paragraph 1

Text proposed by the Commission

1. A legal person that intends to provide crowdfunding services ***shall apply to ESMA for authorisation as a crowdfunding service provider.***

Amendment

1. ***Any*** legal person that intends ***to become a crowdfunding service provider in accordance with this Regulation shall apply to the national competent authority of the Member State where it is established for authorisation*** to provide crowdfunding services.

Or. en

Amendment 241

Neena Gill

Proposal for a regulation

Article 10 – paragraph 1

Text proposed by the Commission

1. A legal person that intends to provide crowdfunding services ***shall apply to ESMA for authorisation as a crowdfunding service provider.***

Amendment

1. ***Any*** legal person that intends ***to become a crowdfunding service provider shall apply to the national competent authority of the Member State where it is established for authorisation*** to provide crowdfunding services.

Or. en

Amendment 242

Marco Valli

Proposal for a regulation

Article 10 – paragraph 1

Text proposed by the Commission

1. A legal person that intends to provide crowdfunding services shall apply to ***ESMA*** for authorisation as a crowdfunding service provider.

Amendment

1. A legal person that intends to provide crowdfunding services shall apply to ***national competent authority of the Member State where it is established*** for authorisation as a crowdfunding service provider.

Amendment 243
Eva Kaili

Proposal for a regulation
Article 10 – paragraph 1

Text proposed by the Commission

1. A legal person that intends to provide crowdfunding services shall apply to ESMA for authorisation as a crowd funding service provider.

Amendment

1. A legal person that intends to provide crowdfunding services shall apply to ESMA for authorisation as a crowd funding service provider. ***ESMA shall inform the National Competent Authority (NCA) when it receives an application for authorization. The NCA may file a note stating potential objections or comments to ESMA regarding the applicant.***

Amendment 244
Molly Scott Cato

Proposal for a regulation
Article 10 – paragraph 1

Text proposed by the Commission

1. A legal person that intends to provide crowdfunding services shall apply to ESMA for authorisation as a crowd funding service provider.

Amendment

1. A legal person that intends to provide crowdfunding services shall apply to ESMA for authorisation as a crowd funding service provider. ***ESMA shall inform the National Competent Authority when it receives an application for authorisation. The National Competent Authority may submit objections to ESMA regarding the applicant.***

Amendment 245

Eva Kaili

Proposal for a regulation

Article 10 – paragraph 2 – point g

Text proposed by the Commission

(g) a description of the prospective crowdfunding service provider's business continuity arrangements;

Amendment

(g) a description of the prospective crowdfunding service provider's business continuity arrangements *so as to make sure that loan repayments and investments will continue to be administered for the investors in case of a platform insolvency*;

Or. en

Amendment 246

Eva Kaili

Proposal for a regulation

Article 10 – paragraph 2 – point j

Text proposed by the Commission

(j) a description of the internal rules of the prospective crowdfunding service provider to prevent that its shareholders who hold **20%** or more of the share capital or voting rights, its managers or its employees or any person directly or indirectly linked to them by control engage in crowdfunding transactions offered by the prospective crowdfunding service provider;

Amendment

(j) a description of the internal rules of the prospective crowdfunding service provider to prevent that its shareholders who hold **10%** or more of the share capital or voting rights, its managers or its employees or any person directly or indirectly linked to them by control engage in crowdfunding transactions offered by the prospective crowdfunding service provider;

Or. en

Amendment 247

Eva Kaili

Proposal for a regulation

Article 10 – paragraph 2 – point j a (new)

Text proposed by the Commission

Amendment

(ja) a bank statement of the availability of share capital of EUR 60 000 required for the licence, or alternatively a liability insurance up to this amount;

Or. en

Amendment 248

Anne Sander

Proposal for a regulation

Article 10 – paragraph 2 – point m a (new)

Text proposed by the Commission

Amendment

(ma) a liability insurance contract.

Or. fr

Justification

Regarding the organisation of providers, since there is no minimum capital requirement, the proposal should require crowdfunding service providers to prove at any time that they have an insurance contract to cover the financial consequences ensuing should they fail to fulfil their professional obligations.

Amendment 249

Molly Scott Cato

Proposal for a regulation

Article 10 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. All crowdfunding service providers shall have initial capital of EUR 50 000.

Or. en

Amendment 250

Neena Gill

Proposal for a regulation
Article 10 – paragraph 4

Text proposed by the Commission

4. *ESMA* shall, within **20** working days of receipt of the application referred to in paragraph 1, assess whether that application is complete. Where the application is not complete, *ESMA* shall set a deadline by which the prospective crowdfunding service provider is to provide the missing information.

Amendment

4. ***The national competent authority*** shall, within **30** working days of receipt of the application referred to in paragraph 1, assess whether that application is complete. Where the application is not complete, ***the national competent authority*** shall set a deadline by which the prospective crowdfunding service provider is to provide the missing information.

Or. en

Amendment 251
Marco Valli

Proposal for a regulation
Article 10 – paragraph 4

Text proposed by the Commission

4. *ESMA* shall, within 20 working days of receipt of the application referred to in paragraph 1, assess whether that application is complete. Where the application is not complete, *ESMA* shall set a deadline by which the prospective crowdfunding service provider is to provide the missing information.

Amendment

4. ***The national competent authority*** shall, within 20 working days of receipt of the application referred to in paragraph 1, assess, ***in close cooperation with ESMA***, whether that application is complete. Where the application is not complete, ***the national competent authority*** shall set a deadline by which the prospective crowdfunding service provider is to provide the missing information.

Or. en

Amendment 252
Brian Hayes

Proposal for a regulation
Article 10 – paragraph 4

Text proposed by the Commission

4. **ESMA** shall, within 20 working days of receipt of the application referred to in paragraph 1, assess whether that application is complete. Where the application is not complete, **ESMA** shall set a deadline by which the prospective crowdfunding service provider is to provide the missing information.

Amendment

4. **The national competent authority** shall, within 20 working days of receipt of the application referred to in paragraph 1, assess whether that application is complete. Where the application is not complete, **the national competent authority** shall set a deadline by which the prospective crowdfunding service provider is to provide the missing information.

Or. en

Amendment 253

Marco Valli

Proposal for a regulation

Article 10 – paragraph 5

Text proposed by the Commission

5. Where an application as referred to in paragraph 1 is complete, **ESMA** shall immediately notify the prospective crowdfunding service provider thereof.

Amendment

5. Where an application as referred to in paragraph 1 is complete, **the national competent authority** shall immediately notify the prospective crowdfunding service provider thereof.

Or. en

Amendment 254

Brian Hayes

Proposal for a regulation

Article 10 – paragraph 5

Text proposed by the Commission

5. Where an application as referred to in paragraph 1 is complete, **ESMA** shall immediately notify the prospective crowdfunding service provider thereof.

Amendment

5. Where an application as referred to in paragraph 1 is complete, **the national competent authority** shall immediately notify the prospective crowdfunding service provider thereof.

Amendment 255
Marco Valli

Proposal for a regulation
Article 10 – paragraph 6

Text proposed by the Commission

6. **ESMA** shall, within two months from the receipt of a complete application, assess whether the prospective crowdfunding service provider complies with the requirements set out in this Regulation and shall adopt a fully reasoned decision granting or refusing authorisation as a crowdfunding service provider. **ESMA** shall have the right to refuse authorisation if there are objective and demonstrable grounds for believing that the management of the crowdfunding service provider may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market.

Amendment

6. **The national competent authority** shall, within two months from the receipt of a complete application, assess, **in close cooperation with ESMA**, whether the prospective crowdfunding service provider complies with the requirements set out in this Regulation and shall adopt a fully reasoned decision granting or refusing authorisation as a crowdfunding service provider. **The national competent authority**, shall have the right to refuse authorisation, if there are objective and demonstrable grounds for believing that the management of the crowdfunding service provider may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market.

Or. en

Amendment 256
Neena Gill

Proposal for a regulation
Article 10 – paragraph 6

Text proposed by the Commission

6. **ESMA** shall, within **two** months from the receipt of a complete application, assess whether the prospective crowdfunding service provider complies with the requirements set out in this

Amendment

6. **The national competent authority** shall, within **three** months from the receipt of a complete application, assess whether the prospective crowdfunding service provider complies with the requirements

Regulation and shall adopt a fully reasoned decision granting or refusing authorisation as a crowdfunding service provider. **ESMA** shall have the right to refuse authorisation if there are objective and demonstrable grounds for believing that the management of the crowdfunding service provider may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market.

set out in this Regulation and shall adopt a fully reasoned decision granting or refusing authorisation as a crowdfunding service provider. ***The national competent authority*** shall have the right to refuse authorisation if there are objective and demonstrable grounds for believing that the management of the crowdfunding service provider may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market.

Or. en

Amendment 257
Brian Hayes

Proposal for a regulation
Article 10 – paragraph 6

Text proposed by the Commission

6. **ESMA** shall, within two months from the receipt of a complete application, assess whether the prospective crowdfunding service provider complies with the requirements set out in this Regulation and shall adopt a fully reasoned decision granting or refusing authorisation as a crowdfunding service provider. **ESMA** shall have the right to refuse authorisation if there are objective and demonstrable grounds for believing that the management of the crowdfunding service provider may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market.

Amendment

6. ***The national competent authority*** shall, within two months from the receipt of a complete application, assess whether the prospective crowdfunding service provider complies with the requirements set out in this Regulation and shall adopt a fully reasoned decision granting or refusing authorisation as a crowdfunding service provider. ***The national competent authority*** shall have the right to refuse authorisation if there are objective and demonstrable grounds for believing that the management of the crowdfunding service provider may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market.

Or. en

Amendment 258
Marco Valli

Proposal for a regulation
Article 10 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a. The national competent authority shall notify ESMA of its decision on granting or refusing the authorisation. ESMA may request an assessment of the compliance with the requirements for authorisation and the reasons that justify the authorisation. If ESMA does not agree with the national competent authority's decision, it shall present its reasons and shall explain and justify any significant deviation there from.

Or. en

Amendment 259
Marco Valli

Proposal for a regulation
Article 10 – paragraph 7

Text proposed by the Commission

Amendment

7. **ESMA** shall notify **the** prospective crowdfunding service provider of its decision **within five working days** after having taken that decision.

7. **The national competent authority** shall notify **without delay** prospective crowdfunding service provider of its decision after having taken that decision.

Or. en

Amendment 260
Neena Gill

Proposal for a regulation
Article 10 – paragraph 7

Text proposed by the Commission

Amendment

7. *ESMA* shall notify the prospective crowdfunding service provider of its decision within *five* working days after having taken that decision.

7. *The national competent authority* shall notify the prospective crowdfunding service provider of its decision within *two* working days after having taken that decision.

Or. en

Amendment 261
Brian Hayes

Proposal for a regulation
Article 10 – paragraph 7

Text proposed by the Commission

7. *ESMA* shall notify the prospective crowdfunding service provider of its decision within five working days after having taken that decision.

Amendment

7. *The national competent authority* shall notify the prospective crowdfunding service provider of its decision within five working days after having taken that decision.

Or. en

Amendment 262
Brian Hayes

Proposal for a regulation
Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10a

Authorisation of third-country crowdfunding service providers

1. A crowdfunding service provider established in a third country may provide crowdfunding services in the Union provided that the following conditions are met:

(a) the Commission has adopted, in accordance with paragraph 2 of this Article, implementing act representing an

equivalence decision with regards to the country of establishment of the crowdfunding service provider;

(b) the crowdfunding service provider is authorised to provide crowdfunding services, and is subject to supervision, in the third country in question; (c) cooperation arrangements referred to in paragraph 3 have been established and are operational.

Upon fulfilment of the conditions referred to in the first subparagraph, the crowdfunding service provider shall register with ESMA its intention to provide services in the Union.

2. The Commission may adopt an implementing act recognising that the legal framework and supervisory practices of a third country ensure that:

(a) crowdfunding service providers authorised in that third country comply with this Regulation or comply with legally binding requirements of that third country's national law which are equivalent to the requirements of applicable Union law;

(b) the binding requirements are subject to effective supervision and enforcement on an on-going basis in that third-country.

Such implementing act shall be adopted in accordance with the examination procedure referred to in Article 37a(2).

3. ESMA shall establish cooperation arrangements with the competent authorities of third countries whose legal framework and supervisory practices have been recognised as equivalent in accordance with paragraph 2.

Such arrangements shall specify at least:

(a) the mechanism for the exchange of information between ESMA and the competent authorities of third countries concerned, including access to all

relevant information regarding the crowdfunding service providers authorised in that third country that is requested by ESMA;

(b) the mechanism for prompt notification to ESMA where a third country competent authority deems that the crowdfunding service provider authorised in that third country and under its supervision is in breach of the conditions of its authorisation or other national legislation in that third country;

(c) the procedures concerning the coordination of supervisory activities.

4. ESMA shall develop draft regulatory technical standards to determine the minimum content of the cooperation arrangements referred to in paragraph 3 so as to ensure that the competent authorities and ESMA are able to exercise all their supervisory powers under this Regulation.

ESMA shall submit those draft regulatory technical standards to the Commission by ... [XX months after the date of entry into force of this Regulation].

Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with the procedure laid down in Articles 10 to 14 of Regulation (EU) No 1095/2010.

Or. en

Amendment 263
Anne Sander

Proposal for a regulation
Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10a

Insurance

1. A crowdfunding service provider must be able to prove at any time that it has an insurance contract covering a crowdfunding service provider against the financial consequences of its professional liability in the event of a breach of its professional obligations as set out in this Regulation.

2. By [please insert six months before the date of entry into force] the Commission shall adopt a delegated act in accordance with Article 37 to specify the provisions necessary for the assurance referred to in paragraph 1.

Or. fr

Justification

Regarding the organisation of providers, since there is no minimum capital requirement, the proposal should require crowdfunding service providers to prove at any time that they have an insurance contract to cover the financial consequences ensuing should they fail to meet their professional obligations.

Amendment 264

Marco Valli

Proposal for a regulation

Article 11 – title

Text proposed by the Commission

Register of crowdfunding service providers

Amendment

Centralised register of crowdfunding service providers **and crowdfunding offers**

Or. en

Amendment 265

Brian Hayes

Proposal for a regulation

Article 11 – paragraph 1

Text proposed by the Commission

1. ESMA shall establish a register of all crowdfunding service providers. That register shall be publicly available on its website and shall be updated on a regular basis.

Amendment

1. ESMA shall establish a register of all crowdfunding service providers ***authorised by national competent authorities in accordance with Article 10 and, separately, of all third country crowdfunding service providers that are registered with ESMA in accordance with Article 10a.*** That register shall be publicly available on its website and shall be updated on a regular basis.

Or. en

Amendment 266

Marco Valli

Proposal for a regulation

Article 11 – paragraph 1

Text proposed by the Commission

1. ESMA shall establish a register of all crowdfunding service providers. That register shall be publicly available on its website and shall be updated on a regular basis.

Amendment

1. ESMA shall establish a ***centralised*** register of all crowdfunding service providers ***authorised in accordance with Article 10, providing access to individual projects or offers provided by each crowdfunding platform.*** That register shall be publicly available on its website and shall be updated on a regular basis.

Or. en

Amendment 267

Marco Valli

Proposal for a regulation

Article 11 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

(ca) updated information on individual crowdfunding projects or offers provided by each crowdfunding service platform;

Or. en

Amendment 268
Brian Hayes

Proposal for a regulation
Article 12 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service *providers* shall provide *their* services under the supervision of *ESMA*.

Amendment

1. A crowdfunding service *provider* shall provide *its* services under the supervision of *the national competent authority of the Member State where the crowdfunding service provider has been authorised*.

Or. en

Amendment 269
Marco Valli

Proposal for a regulation
Article 12 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall provide their services under the supervision of *ESMA*.

Amendment

1. Crowdfunding service providers shall provide their services under the supervision of *national competent authorities*.

Or. en

Amendment 270
Marco Valli

Proposal for a regulation

Article 12 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. *Each Member State shall designate one or more national competent authorities that are responsible for granting the authorisation and carrying out the supervisory powers on crowdfunding service providers.*

Or. en

Amendment 271

Marco Valli

Proposal for a regulation

Article 12 – paragraph 3

Text proposed by the Commission

Amendment

3. *ESMA* shall assess compliance of crowdfunding service providers with the obligations provided for in this Regulation.

3. *The national competent authorities* shall assess compliance of crowdfunding service providers with the obligations provided for in this Regulation.

Or. en

Amendment 272

Caroline Nagtegaal

Proposal for a regulation

Article 12 – paragraph 3

Text proposed by the Commission

Amendment

3. ESMA shall assess compliance of crowdfunding service providers with the obligations provided for in this Regulation.

3. ESMA shall, *in cooperation with the national competent authorities*, assess compliance of crowdfunding service providers with the obligations provided for in this Regulation.

Or. en

Amendment 273
Marco Valli

Proposal for a regulation
Article 12 – paragraph 4

Text proposed by the Commission

4. Crowdfunding service providers shall notify *ESMA* of any material changes to the conditions for authorisation without undue delay and, upon request, shall provide the information needed to assess their compliance with this Regulation.

Amendment

4. Crowdfunding service providers shall notify ***the national competent authority*** of any material changes to the conditions for authorisation without undue delay and, upon request, shall provide the information needed to assess their compliance with this Regulation.

Or. en

Amendment 274
Marco Valli

Proposal for a regulation
Article 13 – paragraph 1 – introductory part

Text proposed by the Commission

1. *ESMA* shall have the power to withdraw the authorisation of a crowdfunding service provider in any of the following situations where the crowdfunding service provider:

Amendment

1. ***The national competent authority*** shall have the power to withdraw the authorisation of a crowdfunding service provider in any of the following situations where the crowdfunding service provider:

Or. en

Amendment 275
Marco Valli

Proposal for a regulation
Article 13 – paragraph 3

Text proposed by the Commission

3. *ESMA* shall withdraw the

Amendment

3. ***The national competent authority***

authorisation as a crowdfunding service provider where ***ESMA is of the opinion*** that the facts referred to in points (a) and (b) of paragraph 2 affect the good repute of the management of the crowdfunding service provider, or indicate a failure of the governance arrangements, internal control mechanisms or procedures referred to in Article 5.

shall withdraw the authorisation as a crowdfunding service provider where ***the national competent authority, in consultation with ESMA, concludes*** that the facts referred to in points (a) and (b) of paragraph 2 affect the good repute of the management of the crowdfunding service provider, or indicate a failure of the governance arrangements, internal control mechanisms or procedures referred to in Article 5.

Or. en

Amendment 276
Marco Valli

Proposal for a regulation
Article 13 – paragraph 4

Text proposed by the Commission

4. ***ESMA*** shall notify, without undue delay, ***the national competent authority of the Member State where the crowdfunding service provider is established*** of its decision to withdraw the authorisation of a crowdfunding service provider.

Amendment

4. ***The national competent authority*** shall notify, without undue delay, ***ESMA*** of its decision to withdraw the authorisation of a crowdfunding service provider.

Or. en

Amendment 277
Marco Valli

Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission

1. All information, including marketing communications as referred to in Article 19, from crowdfunding service providers to clients or potential clients

Amendment

1. All information, including marketing communications as referred to in Article 19, from crowdfunding service providers to clients or potential clients

about themselves, about the costs and charges related to crowdfunding services or investments, about the crowdfunding conditions, including crowdfunding project selection criteria, or about the nature of and risks associated with their crowdfunding services shall be clear, ***comprehensible, complete and*** correct.

about themselves, about the costs and charges related to crowdfunding services or investments, about the crowdfunding conditions, including crowdfunding project selection criteria, or about the nature of and risks associated with their crowdfunding services shall be ***fair***, clear, correct ***and not misleading***.

Or. en

Amendment 278

Eva Kaili

Proposal for a regulation

Article 14 – paragraph 1

Text proposed by the Commission

1. All information, including marketing communications as referred to in Article 19, from crowdfunding service providers to clients or potential clients about themselves, about the costs and charges related to crowdfunding services or investments, about the crowdfunding conditions, including crowdfunding project selection criteria, or about the nature of and risks associated with their crowdfunding services shall be clear, comprehensible, complete and correct.

Amendment

1. All information, including marketing communications as referred to in Article 19, from crowdfunding service providers to clients or potential clients about themselves, about the costs, ***financial risks*** and charges related to crowdfunding services or investments, about the crowdfunding conditions, including crowdfunding project selection criteria, or about the nature of and risks associated with their crowdfunding services shall be clear, comprehensible, complete and correct.

Or. en

Amendment 279

Eva Kaili

Proposal for a regulation

Article 14 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Crowdfunding providers shall

disclose on a semi-annual basis the default rate of the crowdfunding projects of their crowdfunding platform over the last 48 months or, if the platform is less than four years old, since it began. The default rate shall be published online in a prominent place in the website of the platform. A note of the default rate shall be sent to ESMA semi-annually.

Or. en

Amendment 280
Eva Kaili

Proposal for a regulation
Article 14 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The European Commission shall adopt a delegated act in accordance with Article 37 to specify the methodology for calculating the default rate of the projects offered on crowdfunding platform.

Or. en

Amendment 281
Eva Kaili

Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

Amendment

2. The information referred to in paragraph 1 shall ***be provided*** to potential clients ***before they enter into a crowdfunding transaction.***

2. The information referred to in paragraph 1 shall ***have available*** to potential clients ***at any appropriate time.***

Or. en

Amendment 282
Molly Scott Cato

Proposal for a regulation
Article 14 a (new)

Text proposed by the Commission

Amendment

Article 14a

Due diligence requirements

- 1. Crowdfunding service providers shall carry out a minimum level of due diligence on the projects owners of crowdfunding projects that seek to be funded through their crowdfunding platform.***
- 2. The minimum due diligence referred to in paragraph 1 shall include all of the following:***
 - (a) Proof that the project owner is a person of good repute and possesses appropriate knowledge and experience to seek investment on a crowdfunding platform;***
 - (b) Proof that the project owner does not have a criminal record in respect of convictions or penalties of national rules in force in the fields of commercial law, insolvency law, financial services legislation, anti-money laundering legislation, fraud or professional liability.***
- 3. Crowdfunding service providers shall disclose the due diligence checks that have been performed on any crowdfunding project.***

Or. en

Amendment 283
Marco Valli

Proposal for a regulation
Article 14 a (new)

Text proposed by the Commission

Amendment

Article 14a

Default rate disclosure

- 1. Crowdfunding service providers shall publicly disclose every 6 months the default rate of the crowdfunding projects offered in their platforms over the last 12 months. The default rate shall be published in a clear manner on the website of the crowdfunding platform.**
- 2. The Commission shall adopt delegated acts in accordance with Article 37 to specify the methodology to calculate the default rate of the projects.**

Or. en

Amendment 284
Molly Scott Cato

Proposal for a regulation
Article 14 b (new)

Text proposed by the Commission

Amendment

Article 14b

Default rate disclosure

- 1. Crowdfunding service providers shall disclose on a quarterly basis the default rate of the crowdfunding projects registered on the crowdfunding platform over the last 36 months or since the start of its operation, if the platform is less than three years old.**
- 2. The default rate of the crowdfunding projects registered on the crowdfunding platform shall be published in a prominent place on the website of the crowdfunding platform.**
- 3. The European Commission shall adopt a delegated act in accordance with Article 37 to specify the methodology for**

calculating the default rate of the projects offered on the crowdfunding platform.

Or. en

Amendment 285
Caroline Nagtegaal

Proposal for a regulation
Article 15 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall, ***before giving prospective investors full access to their crowdfunding offers,*** assess whether and which crowdfunding services offered are appropriate for the prospective investors.

Amendment

1. Crowdfunding service providers shall assess whether and which crowdfunding services offered are appropriate for the prospective investors.

Or. en

Amendment 286
Anne Sander, Tom Vandenkendelaere

Proposal for a regulation
Article 15 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall, before giving prospective investors full access to their crowdfunding offers, assess whether and which crowdfunding services offered are appropriate for the prospective investors.

Amendment

1. Crowdfunding service providers shall, before giving prospective investors full access to their crowdfunding offers ***and the opportunity to invest in them,*** assess whether and which crowdfunding services offered are appropriate for the prospective investors.

Or. fr

Justification

If they do not provide enough information to complete the transparency and knowledge test, prospective investors should be barred from investing in a crowdfunding offer.

Amendment 287

Anne Sander, Tom Vandenkendelaere

Proposal for a regulation

Article 15 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Prospective investors shall be given access to the details of crowdfunding offers only if they have supplied their particulars, read of the risks involved in crowdfunding, and expressly accepted them.

Or. fr

Justification

Before they can be given access to a crowdfunding platform's offers, prospective investors must first have accepted the inherent risks of crowdfunding, such as loss of the investment or illiquidity of the securities received.

Amendment 288

Anne Sander, Tom Vandenkendelaere

Proposal for a regulation

Article 15 – paragraph 2 – introductory part

Text proposed by the Commission

Amendment

2. For the purposes of the assessment pursuant to ***the first*** paragraph ***1***, crowdfunding service providers shall request information about the prospective investor's ***basic*** knowledge and understanding of risk in investing in general and in the types of investments offered on the crowdfunding platform, including information about:

2. For the purposes of the assessment pursuant to paragraph ***1a***, crowdfunding service providers shall request information about the prospective investor's knowledge, ***experience, investment goals, financial situation***, and understanding of risk in investing in general and in the types of investments offered on the crowdfunding platform, including information about:

Or. fr

Justification

The transparency and early knowledge test that prospective investors have to take should be strengthened in order to ensure more effectively that they are in a position to give their informed consent to the risks involved. Instead of being confined to a prospective investor's knowledge and experience, the scope of the test should also cover his or her financial situation and investment goals.

Amendment 289

Anne Sander

Proposal for a regulation

Article 15 – paragraph 2 – point b

Text proposed by the Commission

(b) any relevant knowledge **or** professional experience in relation to crowdfunding investments.

Amendment

(b) any relevant knowledge **and** professional experience in relation to crowdfunding investments.

Or. fr

Amendment 290

Marco Valli

Proposal for a regulation

Article 15 – paragraph 4

Text proposed by the Commission

4. ***Where prospective investors do not provide the information required pursuant to paragraph 1, or*** where crowdfunding service providers consider, on the basis of the information received under paragraph 1 that the prospective investors have insufficient knowledge, crowdfunding service providers shall inform those prospective investors that the services offered on their platforms may be inappropriate for them and give them a risk warning. That information or risk warning shall not prevent prospective investors from investing in crowdfunding projects.

Amendment

4. Where crowdfunding service providers consider, on the basis of the information received under paragraph 1 that the prospective investors have insufficient knowledge ***or that the services are not appropriate to them,*** crowdfunding service providers shall inform those prospective investors that the services offered on their platforms may be inappropriate for them and give them a risk warning. That information or risk warning shall not prevent prospective investors from investing in crowdfunding projects. ***This warning shall clearly state the risk***

of entire loss of the money invested.

Or. en

Amendment 291

Anne Sander

Proposal for a regulation

Article 15 – paragraph 4

Text proposed by the Commission

4. Where ***prospective investors do not provide the information required pursuant to paragraph 1, or where*** crowdfunding service providers consider, on the basis of the information received under paragraph 1 that ***the prospective investors have insufficient knowledge,*** crowdfunding service providers shall inform those prospective investors that the services offered on their platforms may be inappropriate for them and give them a risk warning. That information or risk warning shall not prevent prospective investors from investing in crowdfunding projects.

Amendment

4. Where crowdfunding service providers consider, on the basis of the information received under paragraph 1, that ***a crowdfunding offer is not suitable for prospective investors, the*** crowdfunding service providers ***concerned*** shall inform those prospective investors that the services offered on their platforms may be inappropriate for them and give them a risk warning. That information or risk warning shall not prevent prospective investors from investing in crowdfunding projects.

Or. fr

Justification

Prospective investors should be obliged to take the knowledge test before investing in crowdfunding offers. Whether they pass or fail, they will in any case be allowed, once the platform has informed them of the result, to invest in the project in question. At all events, it is imperative that investors see the knowledge test through to the end.

Amendment 292

Eva Kaili

Proposal for a regulation

Article 15 – paragraph 4

Text proposed by the Commission

4. Where prospective investors do not

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Amendment

4. Where prospective investors do not

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provide the information required pursuant to paragraph 1, or where crowdfunding service providers consider, on the basis of the information received under paragraph 1 that the prospective investors have insufficient knowledge, crowdfunding service providers shall inform those prospective investors that the services offered on their platforms *may be* inappropriate for them and *give them a risk warning. That information or risk warning shall not* prevent *prospective investors* from investing in crowdfunding projects.

provide the information required pursuant to paragraph 1, or where crowdfunding service providers consider, on the basis of the information received under paragraph 1 that the prospective investors have insufficient knowledge, crowdfunding service providers shall inform those prospective investors that the services offered on their platforms *are* inappropriate for them and *explicitly* prevent *them* from investing in crowdfunding projects.

Or. en

Amendment 293 **Molly Scott Cato**

Proposal for a regulation **Article 15 – paragraph 4**

Text proposed by the Commission

4. Where prospective investors do not provide the information required pursuant to paragraph 1, or where crowdfunding service providers consider, on the basis of the information received under paragraph 1 that the prospective investors have insufficient knowledge, crowdfunding service providers shall inform those prospective investors that the services offered on their platforms *may be* inappropriate for them and *give them a risk warning. That information or risk warning shall not* prevent *prospective investors* from investing in crowdfunding projects.

Amendment

4. Where prospective investors do not provide the information required pursuant to paragraph 1, or where crowdfunding service providers consider, on the basis of the information received under paragraph 1 that the prospective investors have insufficient knowledge, crowdfunding service providers shall inform those prospective investors that the services offered on their platforms *are* inappropriate for them and prevent *them* from investing in crowdfunding projects.

Or. en

Amendment 294

Marco Valli

Proposal for a regulation

Article 15 – paragraph 5 – subparagraph 1 – introductory part

Text proposed by the Commission

Crowdfunding service providers shall at all times offer prospective investors and investors the possibility to simulate their ability to bear loss, calculated as **10%** of their net worth, based on the following information:

Amendment

Crowdfunding service providers shall at all times offer prospective investors and investors the possibility to simulate their ability to bear loss, calculated as **3%** of their net worth, based on the following information:

Or. en

Amendment 295

Eva Kaili

Proposal for a regulation

Article 15 – paragraph 5 – subparagraph 2

Text proposed by the Commission

Irrespective of the results of the simulation, prospective investors *and investors* shall **not** be prevented from investing in crowdfunding projects.

Amendment

Investors and prospective investors shall be prevented from investing in crowdfunding projects ***if the results of the simulation demonstrate that the prospective investor does not have the sufficient financial means to bear losses.***

Or. en

Amendment 296

Molly Scott Cato

Proposal for a regulation

Article 15 – paragraph 5 – subparagraph 2

Text proposed by the Commission

Irrespective of the results of the simulation, prospective investors and investors shall **not** be prevented from

Amendment

Prospective investors and investors shall be prevented from investing in crowdfunding projects, ***if the results of the simulation demonstrate that the prospective investor***

investing in crowdfunding projects.

does not have the sufficient financial means to bear losses. In any case, investors shall be prevented from investing more than €3,000 per crowdfunding offer

Or. en

Amendment 297
Caroline Nagtegaal

Proposal for a regulation
Article 15 – paragraph 5 – subparagraph 2

Text proposed by the Commission

Irrespective of the results of the simulation, prospective investors and investors *shall not be prevented* from investing in crowdfunding projects.

Amendment

On the basis of the results of the simulation *crowdfunding service providers may prevent* prospective investors and investors from investing in crowdfunding projects. *However, investors shall remain responsible for the full risk of taking an investment.*

Or. en

Amendment 298
Eva Kaili

Proposal for a regulation
Article 15 – paragraph 5 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

Investors may not invest more than EUR 4 000 per crowdfunding project and EUR 12 000 per annum per crowdfunding platform.

Or. en

Amendment 299
Anne Sander

Proposal for a regulation
Article 15 – paragraph 6 – introductory part

Text proposed by the Commission

6. The Commission *may* adopt delegated acts in accordance with Article 37 to specify the arrangements necessary to:

Amendment

6. ***Within six months following the entry into force of this Regulation,*** the Commission ***shall*** adopt delegated acts in accordance with Article 37 to specify the arrangements necessary to:

Or. fr

Amendment 300
Ashley Fox

Proposal for a regulation
Article 16 – paragraph 1

Text proposed by the Commission

1. ***Crowdfunding service providers shall provide prospective investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer. The key investment information sheet shall be drafted in at least one of the official languages of the Member State concerned or in a language customary in the sphere of international finance.***

Amendment

1. A key investment information sheet drawn up by the project owner for each crowdfunding offer. The key investment information sheet shall be drafted in at least one of the official languages of the Member State concerned or in ***English***.

Or. en

Amendment 301
Marco Valli

Proposal for a regulation
Article 16 – paragraph 1

Text proposed by the Commission

Amendment

1. Crowdfunding service providers shall provide prospective investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer. The key investment information sheet shall be drafted in at least one of the official languages of the Member State concerned ***or in a language customary in the sphere of international finance.***

1. Crowdfunding service providers shall provide prospective investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer. The key investment information sheet shall be drafted in at least one of the official languages of the Member State concerned ***and in English.***

Or. en

Amendment 302
Anne Sander

Proposal for a regulation
Article 16 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall provide prospective investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer. The key investment information sheet shall be drafted in at least one of the official languages of the Member State concerned or in a language ***customary*** in the sphere of international finance.

Amendment

1. Crowdfunding service providers shall provide prospective investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer. The key investment information sheet shall be drafted in at least one of the official languages of the Member State concerned or in a ***common*** language ***used*** in the sphere of international finance.

Or. fr

Amendment 303
Ashley Fox

Proposal for a regulation
Article 16 – paragraph 1 – subparagraph 1 (new)

Text proposed by the Commission

Amendment

Crowdfunding service providers who offer services referred to in point (i) of Article

3(1)(a) of this regulation shall provide prospective investors with the following:

Or. en

Amendment 304

Jonás Fernández

Proposal for a regulation

Article 16 – paragraph 2 – point c

.

Text proposed by the Commission

This is not a saving product and you *should* not invest more than 10% of your net wealth in crowdfunding projects.

Amendment

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

Or. en

Amendment 305

Marco Valli

Proposal for a regulation

Article 16 – paragraph 2 – point c

.

Text proposed by the Commission

This is not a saving product and you should not invest more than **10%** of your net wealth in crowdfunding projects.

Amendment

This is not a saving product and you should not invest more than **3%** of your net wealth in crowdfunding projects.

Or. en

Amendment 306

Molly Scott Cato

Proposal for a regulation

Article 16 – paragraph 2 – point c

.

Text proposed by the Commission

You may not be able to sell the investment instruments when you wish.

Amendment

You may not be able to sell the investment instruments when you wish. ***If you are able to sell, you may be subject to losses.***

Or. en

Amendment 307

Ashley Fox

Proposal for a regulation

Article 16 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. The requirement set out in point a of paragraph 2 shall not apply to crowdfunding service providers who offer services referred to in point (ii) of Article 3(1)(a) of this Regulation. Such providers shall instead draw up a key investment information sheet regarding the platform, which shall contain detailed information on the platform; its systems and controls for the management of risk and financial modelling for the crowdfunding offer; and its historic performance.

Or. en

Amendment 308

Eva Kaili

Proposal for a regulation

Article 16 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. In order to ensure simplicity and comparability, when businesses have available financial statements, they are

obliged to provide financial ratios of profitability, efficiency and liquidity calculated with market recognized methods. The platforms shall inform investors and prospective investors about those ratios in a format that allows easy comparability between firms. Platforms shall state online with a note that they have verified the calculation of the ratios. The ratios shall be amended semi-annually and platforms shall make sure that they will provide simplified time-series charts that depict the financial dynamic of the firm. The platform may provide an indicative, not market binding, estimation of the valuation of the firm that requests or has received funding.

Or. en

Amendment 309

Caroline Nagtegaal, Lieve Wierinck, Ramon Tremosa i Balcells

Proposal for a regulation

Article 16 – paragraph 5

Text proposed by the Commission

5. Crowdfunding service providers shall have in place and apply adequate procedures to verify the completeness and the clarity of information contained in the key investment information sheet.

Amendment

5. Crowdfunding service providers shall have in place and apply adequate procedures to verify the completeness, *the correctness* and the clarity of information contained in the key investment information sheet.

Or. en

Amendment 310

Eva Kaili

Proposal for a regulation

Article 16 – paragraph 5

Text proposed by the Commission

5. Crowdfunding service providers shall have in place and apply adequate procedures to verify the completeness and the clarity of information contained in the key investment information sheet.

Amendment

5. Crowdfunding service providers shall have in place and apply adequate procedures to verify the **correctness**, completeness and the clarity of information contained in the key investment information sheet.

Or. en

Amendment 311
Caroline Nagtegaal

Proposal for a regulation
Article 16 – paragraph 6

Text proposed by the Commission

6. When a crowdfunding service provider identifies a material omission, a material mistake or a material inaccuracy in the key investment information sheet, the project owner shall complement or amend that information. Where such complement or amendment is not **possible**, the crowdfunding service provider shall not make the crowdfunding offer or cancel the existing offer until the key investment information sheet complies with the requirements of this Article.

Amendment

6. When a crowdfunding service provider identifies a material omission, a material mistake or a material inaccuracy in the key investment information sheet, the project owner shall complement or amend that information. Where such complement or amendment is not **made**, the crowdfunding service provider shall not make the crowdfunding offer or cancel the existing offer until the key investment information sheet complies with the requirements of this Article.

Or. en

Amendment 312
Ashley Fox

Proposal for a regulation
Article 16 – paragraph 9 – subparagraph 1 (new)

Text proposed by the Commission

Amendment

In drafting the standards, ESMA may differentiate between services referred to

in Article 3 (1)(a)(i) and Article 3 (1) (a)(ii).

ESMA shall submit those draft regulatory technical standards to the Commission by [XXX]

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with the procedure laid down in Articles 10 to 14 of Regulation (EU) No1095/2010.

Or. en

Amendment 313

Eva Kaili

Proposal for a regulation

Article 17 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers that allow their investors to interact directly with each other to buy and sell **loan agreements or** transferable securities which were originally crowdfunded on their platforms, shall inform their clients that they do not operate a trading system and that such buying and selling activity on their platforms is at the client's own discretion and responsibility.

Amendment

1. **Investment-based** crowdfunding service providers that allow their investors to interact directly with each other to buy and sell transferable securities **or tokens** which were originally crowdfunded on their platforms, shall inform their clients that they do not operate a trading system and that such buying and selling activity on their platforms is at the client's own discretion and responsibility.

Or. en

Amendment 314

Eva Kaili

Proposal for a regulation

Article 17 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Lending-based crowdfunding service providers can facilitate their investors to sell and buy loan agreements under binding and non-discretionary rules provided they are non-discriminatory and transparently communicated. The Commission may adopt delegated acts to specify requirements in accordance with Article 37 of this Regulation.

Or. en

Amendment 315
Anne Sander

Proposal for a regulation
Article 17 – paragraph 2

Text proposed by the Commission

2. Crowdfunding service providers that **suggest** a reference price for the buying and selling referred to in paragraph 1 shall inform their clients **that** suggested reference price is **non-binding** and substantiate the **suggested** reference price.

Amendment

2. Crowdfunding service providers that **supply** a reference price for the buying and selling referred to in paragraph 1 shall inform their clients **whether the** suggested reference price is **binding or not** and **shall** substantiate the **basis on which the** reference price **has been calculated**.

Or. fr

Justification

It is important that a crowdfunding service provider should be able to consolidate prices (so that, in other words, securities or loans may be traded only at the reference price).

Amendment 316
Marco Valli

Proposal for a regulation
Article 17 a (new)

Text proposed by the Commission

Amendment

Article 17a

Public register of project owners

Crowdfunding service providers shall establish a register of project owners registered in their platform. The register shall be publicly available on their website and shall be constantly updated. The register shall indicate the name, the month and year of birth and the country of residence and nationality of the project owner, as well as the final amount of funding collected per project, in accordance with data protection rules.

Or. en

Amendment 317

Caroline Nagtegaal, Lieve Wierinck

Proposal for a regulation

Article 19 – paragraph 1

Text proposed by the Commission

1. Crowdfunding service providers shall ensure that all marketing communications to investors are clearly identifiable as such.

Amendment

1. Crowdfunding service providers shall ensure that all *their* marketing communications to investors are clearly identifiable as such.

Or. en

Amendment 318

Marco Valli

Proposal for a regulation

Article 19 – paragraph 2

Text proposed by the Commission

2. *No marketing communication shall comprise marketing of individual planned or pending crowdfunding projects or offers. Marketing*

Amendment

deleted

communications may only indicate where and in which language clients can obtain information about individual projects or offers.

Or. en

Justification

As long as marketing communication is transparent and not misleading, this is an unnecessary restriction to the development of marketing strategies and the ability to attract investors.

Amendment 319
Anne Sander

Proposal for a regulation
Article 19 – paragraph 2

Text proposed by the Commission

2. No marketing communication shall comprise marketing of *individual* planned *or pending* crowdfunding projects or offers. *Marketing communications may only indicate where and in which language clients can obtain information about individual projects or offers.*

Amendment

2. *Crowdfunding service providers may address marketing communications to investors registered on the crowdfunding platform. Marketing communication of this kind must be conducted objectively, so as to meet predetermined criteria, and must not be focused excessively on planned crowdfunding projects or offers or those in the process of implementation.*

Or. fr

Justification

Projects should be promoted in such a way as to avoid all discrimination. However, for as long as it has an objective basis, communication should be authorised.

Amendment 320
Caroline Nagtegaal

Proposal for a regulation
Article 19 – paragraph 2

Text proposed by the Commission

2. No marketing communication shall **comprise marketing of** individual planned or pending crowdfunding projects or offers. **Marketing communications may only indicate where and in which language clients can obtain information about individual projects or offers.**

Amendment

2. No marketing communication **of the crowdfunding service providers** shall **disproportionately target** individual planned or pending crowdfunding projects or offers.

Or. en

Amendment 321

Marco Valli

**Proposal for a regulation
Article 19 – paragraph 3**

Text proposed by the Commission

3. For their marketing communications, crowdfunding service providers shall use one or more of the official languages of the Member State in which the crowdfunding service provider is active **or a language customary in the sphere of international finance.**

Amendment

3. For their marketing communications, crowdfunding service providers shall use one or more of the official languages of the Member State in which the crowdfunding service provider is active **and in English.**

Or. en

Amendment 322

Caroline Nagtegaal

**Proposal for a regulation
Article 19 – paragraph 4**

Text proposed by the Commission

4. National competent authorities shall not require an ex ante notification and approval of marketing communications.

Amendment

4. National competent authorities **and ESMA** shall not require an ex ante notification and approval of marketing communications.

Or. en

Amendment 323
Jonás Fernández

Proposal for a regulation
Article 20 – paragraph 6

Text proposed by the Commission

6. ESMA *may* issue guidelines or recommendations addressed to national competent authorities specifying the best practices of marketing communications and verifying marketing communications of crowdfunding service providers.

Amendment

6. ESMA ***shall*** issue guidelines or recommendations addressed to national competent authorities specifying the best practices of marketing communications and verifying marketing communications of crowdfunding service providers.

Or. en

Amendment 324
Caroline Nagtegaal

Proposal for a regulation
Article 26 – paragraph 1

Text proposed by the Commission

The obligation of professional secrecy referred to in Article 76 of Directive 2014/65/EU shall apply to ESMA and all persons who work or who have worked for ESMA or ***for*** any other person to whom ESMA has delegated tasks, including auditors and experts contracted by ESMA.

Amendment

The obligation of professional secrecy referred to in Article 76 of Directive 2014/65/EU shall apply to ESMA and ***national competent authorities and*** all persons who work or who have worked for ESMA or ***national competent authorities and to*** any other person to whom ESMA has delegated tasks, including auditors and experts contracted by ESMA.

Or. en

Amendment 325
Marco Valli

Proposal for a regulation

Article 38 – paragraph 2 – introductory part

Text proposed by the Commission

2. The report shall assess the following:

Amendment

2. The report ***shall be made public and*** shall assess the following:

Or. en

Amendment 326

Marco Valli

Proposal for a regulation

Article 38 – paragraph 2 – point a

Text proposed by the Commission

(a) the functioning of the market for crowdfunding service providers in the Union, including market development and trends, taking into account supervisory experience ***acquired by ESMA, the number of crowdfunding service providers authorised by ESMA and their market share*** and in particular examining whether any adjustments are needed to the definitions set out in this Regulation and whether the scope of services covered by this Regulation remains appropriate;

Amendment

(a) the functioning of the market for crowdfunding service providers in the Union, including market development and trends, taking into account ***the*** supervisory experience ***and practices of national competent authorities***, and in particular examining whether any adjustments are needed to the definitions set out in this Regulation and whether the scope of services covered by this Regulation remains appropriate;

Or. en

Amendment 327

Caroline Nagtegaal, Ramon Tremosa i Balcells

Proposal for a regulation

Article 38 – paragraph 2 – point a

Text proposed by the Commission

(a) the functioning of the market for crowdfunding service providers in the Union, including market development and trends, taking into account supervisory experience acquired by ESMA, the number

Amendment

(a) the functioning of the market for crowdfunding service providers in the Union, including market development and trends, taking into account supervisory experience acquired by ESMA, the number

of crowdfunding service providers authorised by ESMA and their market share and in particular examining whether any adjustments are needed to the definitions set out in this Regulation and whether the scope of services covered by this Regulation remains appropriate;

of crowdfunding service providers authorised by ESMA and their market share and in particular examining whether any adjustments are needed to the definitions **and thresholds** set out in this Regulation and whether the scope of services covered by this Regulation remains appropriate;

Or. en

Amendment 328

Marco Valli

Proposal for a regulation

Article 38 – paragraph 2 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the opportunity to provide incentives to encourage the funding of sustainable projects with positive social and environmental return and small businesses in the field of innovation, research and development, including through the setting up of specific programs enabling those projects to be eligible for EIB funding and other EU funds;

Or. en

Amendment 329

Anne Sander, Tom Vandenkendelaere

Proposal for a regulation

Article 38 – paragraph 2 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the potential risks of distortion of competition and arbitrage arising where Member States apply two parallel regimes;

Justification

The fact that there is a second regime poses a problem for Member States which already have a national regime, to the extent that the coexistence of two regimes might lead to arbitrage.

Amendment 330

Marco Valli

Proposal for a regulation

Article 38 – paragraph 2 – point c

Text proposed by the Commission

(c) the implementation of the technological innovation in the crowdfunding sector, including the application of the new innovative business models and *technologies*;

Amendment

(c) the implementation of the technological innovation in the crowdfunding sector, including the application of the new innovative business models and *blockchain-technologies to increase the transparency, security and traceability of data relating to crowdfunding projects and offers intermediated on crowdfunding platforms, in order to more effectively prevent fraud and financial crime as well as to minimise the risks of money laundering or terrorism financing*;

Or. en

Amendment 331

Caroline Nagtegaal, Ramon Tremosa i Balcells

Proposal for a regulation

Article 38 – paragraph 2 – point c

Text proposed by the Commission

(c) the implementation of the technological innovation in the crowdfunding sector, including the application of *the new* innovative business models and technologies;

Amendment

(c) the implementation of the technological innovation in the crowdfunding sector, including the application of *non-bank financing methods (including initial coin offering)*, innovative business models and

technologies;

Or. en

Amendment 332
Caroline Nagtegaal

Proposal for a regulation
Article 38 – paragraph 2 – point g a (new)

Text proposed by the Commission

Amendment

(ga) the cooperation between ESMA and the national competent authorities and the appropriateness of ESMA as the supervisor of this Regulation;

Or. en

Amendment 333
Anne Sander

Proposal for a regulation
Article 38 a (new)
Regulation (EU) 2017/1129
Article 1 – paragraph 4 – point k a (new)

Text proposed by the Commission

Amendment

Article 38a

***Amendment of Regulation (EU)
2017/1129***

***In Article 1(4) of Regulation (EU)
2017/1129, the following point is added:***

(ka) A crowdfunding offer from a European crowdfunding service provider as defined in Article 3(1)(c) of Regulation (EU) No XXX/XXX of the European Parliament and of the Council, provided that it does not exceed the threshold laid down on Article 2(2)(d) of Regulation (EU) No XXX/XXX. ”

Or. fr

Justification

The purpose of this amendment is to alter the ‘Prospectus’ Regulation to enable the threshold to be raised to EUR 8 million and prevent the national thresholds authorised by the Prospectus Regulation from interfering with the ‘Crowdfunding’ Regulation.

Amendment 334

Anne Sander, Tom Vandenkendelaere

Proposal for a regulation

Annex II – part A – point c

Text proposed by the Commission

Amendment

(c) *A **hyperlink to the most recent** financial **statement of** the project owner, **if available;***

(c) ***Key financial figures and ratios for** the project owner **for the last three years;***

Or. fr

Justification

In many Member States SMEs are not obliged to publish their accounts. Such documents should not, therefore, be treated as public information.