

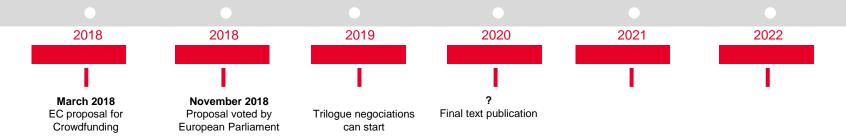
BUILDING TEAM SPIRIT TOGETHER



Crowd Funding

TO INTRODUCE A PAN-EUROPEAN LABEL FOR CROWDFUNDING PLATFORMS

REGULATORY INITIATIVE	FOCAL POINTS
Proposal launched on June 29 th 2017 by the European Commission. The regulation aims to facilitate cross-border activities and monitor risks incurred by the project owners and crowdfunding platforms.	Benefits of crowdfunding: ✓ Important instrument for promoting start-ups and young companies. ✓ Access to "cheap money. ✓ It's smart money By taking angel investing (individuals investing in startups) online.
What is Crowdfunding? A combination of microfinancing and crowdsourcing. People come together to help support projects and companies across the world. Crowdfunding in short deals with: Conflicts of interest Authorization Clients Money laundering and terrorist financing risks	For investors: ✓ Access to multiple small investments. ✓ Possibility to get high return in a stable economy with low interest and annuity rates. ✓ Helping support the development of the economy.





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□ Product proposal from the EC

Updated on 13 December 2019

STATEMENT

The proposal covers crowdfunding campaigns of up to one million euros over a period of 12 months.

- ☐ The proposal looks at giving permission to crowdfunding platforms to grant access at the EU level (from ESMA for example) instead of having to submit authorization to national jurisdictions.
 - MEPs agreed that a prospective ECSP (European Crowdfunding Service Provider would need to request authorization from the
 national competent authority (NCA) of the member state in which it is established, rather than from the European Securities and
 Markets Authority (ESMA), as initially proposed by the European Commission.
 - In November 2018, the text was adopted by 38 votes to 5, with no abstentions. The Committee is now ready to enter into negotiations with the European Commission and the Council.
- On 26 June 2019, the Council for the European Union published a compromise proposal in relation to the European Commission's draft framework. However there is no clear timetable for implementation as the Commission and the Parliament need to negotiate and agree on a final draft text assessing investor protection rules.

FOR YOUR CONSIDERATION

☐ The EC's proposal does not address the grey zone between crowdfunding platforms and Initial Coin Offerings (ICOs). ICOs, also called 'token generation events' are a new way to raise funds publicly, through which companies sell tokens to the public and receive crypto tokens or fiat money in return, which could be considered as a crowdfunding platform based on crypto currency.

Contact SGSS/SMI: Jean-Pierre Gomez



Jean-Pierre.Gomez@sgss.socgen.com

If you want to know more, click on

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