



Crowdfunding: a new form for raising saving from the public. July 2013.

The crowdfunding or participative financing is a new form for financing innovative business (normally start-ups) collecting funds from the public through on-line portals. Its main feature is that internet enables to appeal for savings from a large number of investors (crowd) that invest funds usually in small amounts. The crowdfunding was originally used to support non profit initiatives but has, currently, been applied for the creating of business initiatives arriving finally at risk capital offerings. In Europe only Italy has, currently, published legislation on crowdfunding. A Decree on urgent measures for the country's growth (October 2012) allowed innovative business (normally start-ups) to collect risk capital through on line portals. The CONSOB published (February 2013) a questionnaire and, on the basis of the responses, launched a consultation document (April 2013) with its proposal on crowdfunding. On-line portals could be managed not only by Banks and investment firms but also by subjects entered in a register held by CONSOB and to which special rules would apply. Offers must have a total price less than entailing the applicability of the rules on prospectuses. The regulatory proposal states that MiFID provisions to protect investors must be applied to the stage in which brokers (banks and investment firms) execute the orders transmitted to them by portal managers. In the events of a change in control, the minority subscribers must for a fixed period have a right to recede from the company or the right to sell their shares at the same conditions at which the controlling interest are transferred to third parties. The CONSOB has recently published (July 2013) the crowdfunding Regulation (available now only in Italian). Below, links are enclosed to the two CONSOB Newsletters with information about the questionnaire and the legislative proposal, respectively and, also, you can find a link to the crowdfunding Regulation. .

The EC is aware of the increasing importance of the crowdfunding as a new form of financing financial markets and real economy. In June, a workshop has taken place to explore its potential and analyze its risks. You can find attached a summary of the expert communications and the whole speech of Michel Barnier (member of the EC) at the workshop.

In Europe, there are mostly a number of documents published by financial industry supervisory authorities with the purpose of illustrating the risk for the investor and the characteristics of the various types of crowdfunding.

In the UK, the FSA (now FCA) published, in August 2012, a document that explains how the crowdfunding works and its benefits and risks. The paper also advises potential investors about the initiatives to adopt in order to achieve an enough level of protection, and warns not to invest any money you are not prepared to lose because most start-up businesses fail. Down below you can read the FSA document.

In Germany, the BaFIN included in its Quarterly Q3 2012 Bulletin, an interesting article from the expert Jörg Begner which describes some regulatory and supervisory issues that faces the crowdfunding. This form of funding allows investors to invest only very small amounts so that the potential target group of investors is larger than for traditional forms of investment. The applicable regulation will depend on the design of the individual project (offer) and on the internet platform business model. The platform could act as a broker or sell the investment directly. Operation of a crowdfunding platform may involve authorisation requirements under banking or payment services legislation and the observation of other securities trading obligations. Offerers of investments are faced with the issue of whether they are subject to an obligation to publish a prospectus and a

key information document on the public offer. At the end of this text, you will find the links to BaFIN Quarterly Q3 2012 Bulletin and Jörg Begner's article.

The AMF has recently published a press release to clarify the current regulatory framework governing the crowdfunding in France where it does not have a legal definition. The crowdfunding is used to help finance Small and Medium Enterprises. The press release contains links to two crowdfunding guides: the first one, for the general public, and the second one, to funding platforms and project leaders. You can find below links to the press release and to both guides.

Finally, the FSMA in Belgium issued, a year ago, two communications defining the rules applicable to crowdfunding with the aim of helping both the project leaders and consumers. You can find below the press release with the links to the FSMA communications.

If you want to read the questionnaire published by the CONSOB in January 2013, please, do click on:
http://www.consob.it/mainen/documenti/english/en_newsletter/2013/year_19_n-3_21_january_2013.html?hkeyw ords=crowdfunding&docid=1&page=0&hits=2

If you want to read the CONSOB consultation about a crowdfunding future regulation, please do click on:
http://www.consob.it/mainen/documenti/english/en_newsletter/2013/year_19_n-13_2_april_2013.html?hkeyw ord s=crowdfunding&docid=0&page=0&hits=2

If you want to read the CONSOB Regulation on crowdfunding, please, do click on:
<http://www.consob.it/main/documenti/bollettino2013/d18592.htm>

If you want to read a summary of expert communications in the EC workshop, please, do click on:
http://ec.europa.eu/internal_market/conferences/2013/0603-crowdfunding-workshop/docs/minutes_en.pdf

If you want to read the whole speech from Michel Barnier (member de la EC) in the EC workshop, please, do click on: http://europa.eu/rapid/press-release_SPEECH-13-492_en.htm?locale=en

If you want to read the FSA document on crowdfunding:
http://www.fsa.gov.uk/consumerinformation/product_news/saving_investments/crowdfunding

If you want to read the article of the expert Jörg Berner included in BaFIN Quarterly Q3 2012 Bulletin, please, do click on:
http://www.bafin.de/SharedDocs/Downloads/EN/Mitteilungsblatt/Quarterly/bq1203.pdf?__blob=publicationFile

If you want to read the article of the expert Jörg Berner, please, do click on:
http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/fa_bj_2012_09_crowdfunding_en.html

If you want to read the press release of the AMF, please, do click on:
http://www.amf-france.org/documents/general/10850_1.pdf

If you want to read the AMF/ACP guide for the general public, please, do click on:
http://www.amf-france.org/documents/general/10840_1.pdf

If you want to read the AMF/ACP guide for funding platforms and project leaders, please, do click on:
http://www.amf-france.org/documents/general/10840_1.pdf

If you want to read the FSMA press release, please, do click

on:http://www.fsma.be/fr/in-the-picture/Article/press/div/2012/2012-07-12_crowdfunding.aspx