

ESMA consults on regulating crowdfunding

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, has today launched [a consultation](#) on draft technical standards on crowdfunding under the European crowdfunding service providers regulation (ECSPR).

The new Regulation on crowdfunding regulates for the first time at EU level lending-based and equity-based crowdfunding services. It introduces a single set of requirements applicable to CSPs across the EU, including strict rules to protect investors.

The ECSPR requires ESMA to develop 12 technical standards – 8 regulatory technical standards (RTS) and 4 implementing technical standards (ITS) – on a variety of important topics.

This consultation paper seeks input on the draft technical standards developed by ESMA, on the following issues:

- Complaint handling;
- Conflicts of interest;
- Business continuity plan;
- Application for authorisation;
- Information to client on default rate of projects;
- Entry knowledge test and simulation of the ability to bear loss;
- Key investment information sheet;
- Reporting by crowdfunding service providers to NCAs (and NCAs to ESMA); and
- Publication of national provisions concerning marketing requirements.

Next steps

ESMA will consider the responses to this consultation when developing the draft technical standards for the European Commission. The closing date for responses from stakeholders is 28 May 2021.

The majority of these technical standards are to be submitted to the European Commission for adoption before 10 November 2021. The remaining ESMA technical standards are to be delivered by 10 May 2022.