

Crowdfunding in the EU

| Identification | |
|--|---|
| First name -open reply-(compulsory) | Marcin |
| Family name -open reply-(compulsory) | KawiDski |
| What category describes you best? -single choice reply-(compulsory) | Association / interest representative |
| Organisation's name -open reply-(compulsory) | Financial Services User Group |
| Transparency register ID number (If you do not indicate your ID, your response will count as an individual contribution) -open reply-(optional) | |
| Country (of residence or establishment) -single choice reply-(compulsory) | EU (active/present in several EU countries) |
| Do you agree to publishing your replies on the European Commission's website? -single choice reply-(compulsory) | Yes |
| Definition and models of crowdfunding | |
| WHAT IS CROWDFUNDING? Which elements should always be present in a crowdfunding campaign? -multiple choices reply-(optional) | open call to the public - through the internet - to collect funds - during a specified time period - for a specific project - in the form of small contributions - from a large number of individuals |
| Should crowdfunding be reserved to projects with smaller financing needs? -single choice reply-(optional) | No |
| CATEGORIES Crowdfunding can take many forms, depending on what contributors get in return for their money. Which of these models are you familiar with? -multiple choices reply-(optional) | donations - rewards - pre-sales - profit- or royalty sharing - lending - debt (bonds) - equity (shares) |
| Other than donations, there is also lending- or investment-based crowdfunding with <u>social objectives</u> . Should these be treated differently than any other lending or investment campaign for profits? -single choice reply-(optional) | yes |
| Benefits of crowdfunding | |
| Growth & jobs -single choice reply-(optional) | high |
| Entrepreneurs & SMEs -single choice reply-(optional) | high |
| Social entrepreneurs -single choice reply-(optional) | high |

| | |
|---|------------|
| Innovation -single choice reply-(optional) | high |
| Research and development (R&D) -single choice reply-(optional) | high |
| Small retail investors -single choice reply-(optional) | high |
| ARE THERE OTHER BENEFITS FROM CROWDFUNDING? -open reply-(optional) | |
| WHAT SPECIFIC ADVANTAGES DO FINANCIAL FORMS OF CROWDFUNDING HAVE? (PROFIT-SHARING, LENDING, EQUITY AND DEBT) If earlier you suggested different categories, please describe the advantages of those. -open reply-(optional) | |
| FRAUD - project owner or platform does not use the money for the stated purpose -single choice reply-(optional) | Acceptable |
| PROJECT FAILURE - project owner tries his best, but the project fails and does not deliver what was promised to crowdfunders -single choice reply-(optional) | Acceptable |
| MISLEADING ADVERTISING - project is presented as all rosy, and people contribute without knowing the risks they take -single choice reply-(optional) | Too high |
| CONTRIBUTORS DO NOT GET BACK THE MONEY they could reclaim in case of an unsuccessful campaign -single choice reply-(optional) | Too high |
| ARE THERE OTHER RISKS IN THE DONATION, REWARD OR PRE-SALE MODELS OF CROWDFUNDING? -open reply-(optional) | |
| Could a scandal undermine contributors' confidence? -single choice reply-(optional) | yes |
| Investors overvalue the project (pay more for the shares than what they are worth) -single choice reply-(optional) | Acceptable |
| Project fails and investors lose the capital they invested -single choice reply-(optional) | Acceptable |
| Investors are not able to exercise shareholder rights -single choice reply-(optional) | Too high |
| The company issues new equity and dilutes the investment value of first round investors -single | Too high |

| | |
|--|---|
| choice reply-(optional) | |
| Lack of exit options (investors are not able to sell-on the equity) -single choice reply-(optional) | Too high |
| Investment not being profitable (even if the project does not fail, it may not be able to pay dividends) -single choice reply-(optional) | Acceptable |
| Complexity -single choice reply-(optional) | Acceptable |
| Lenders do not know the credit-risk of the borrower -single choice reply-(optional) | Too high |
| Project fails and lenders do not get back the money they lent -single choice reply-(optional) | Too high |
| Lenders do not receive the promised interests -single choice reply-(optional) | Too high |
| Complexity -single choice reply-(optional) | Acceptable |
| DO YOU SEE OTHER RISKS IN FINANCIAL FORMS OF CROWDFUNDING (profit-sharing, lending, securities)? -open reply-(optional) | |
| Identifying the role of the EU | |
| Raising awareness -multiple choices reply-(optional) | donations - rewards - pre-sales - profit sharing - lending - equity/debt (shares/bonds) |
| Combining public funding and crowdfunding -multiple choices reply-(optional) | donations - pre-sales - profit sharing - lending |
| Coordinating self-regulation -multiple choices reply-(optional) | donations - pre-sales - profit sharing - lending - equity/debt (shares/bonds) |
| Sharing national experiences & regulatory best-practices -multiple choices reply-(optional) | donations - rewards - pre-sales - profit sharing - lending - equity/debt (shares/bonds) |
| Providing easier market access to all EU countries -multiple choices reply-(optional) | donations - rewards - pre-sales - profit sharing - lending - equity/debt (shares/bonds) |
| Protecting contributors from risks -multiple choices reply-(optional) | donations - rewards - pre-sales - profit sharing - lending - equity/debt (shares/bonds) |
| What are the obstacles to market access for donation, reward or pre-sale campaigns/platforms? -open reply-(compulsory) | n/a |
| Do you have in mind other areas of action for the EU that would help reap the benefits of crowdfunding? -open reply-(optional) | |
| | |

| | |
|---|---|
| Should all crowdfunding platforms be obliged to -multiple choices reply-(optional) | Inform project owners and contributors of applicable fees - Check the identity of the project owner |
| What other measures would protect contributors appropriately, especially in the case of "direct crowdfunding campaigns" that do not use a platform? -open reply-(optional) | |
| What do you think of EU law on financial services as applied to crowdfunding today? -single choice reply-(optional) | It is not well suited to crowdfunding; a new, tailor-made legal framework is needed |
| A European legal framework for financial forms of crowdfunding should be -single choice reply-(optional) | optional - campaigns / platforms with cross-border reach can choose to comply with EU rules, rather than several different national rules |
| to inform contributors of investment risk or credit risk -multiple choices reply-(optional) | Yes, for equity / debt |
| to assess the profile of the investor -multiple choices reply-(optional) | Yes, for equity / debt |
| to perform due diligence / credit risk assessment of projects -multiple choices reply-(optional) | Yes, for equity / debt |
| to monitor the performance of the projects after a successful campaign -multiple choices reply-(optional) | Yes, for equity / debt |
| to act as nominee shareholder or contributors' representative in legal proceedings related to a project -multiple choices reply-(optional) | No harmonisation |
| to manage conflicts of interest within the platform -multiple choices reply-(optional) | Yes, for equity / debt |
| to cover eventual losses to contributors through compensation scheme or insurance -multiple choices reply-(optional) | No harmonisation |
| What other duties should financial crowdfunding platforms have? -open reply-(optional) | |
| Should contributors be advised to diversify their investments into crowdfunding? -single choice reply-(optional) | yes |
| Should there be a minimum or a maximum amount set for individual contributions? -single choice reply-(optional) | No |
| What other measures would be needed to grant access to markets but also address the risks of financial forms of crowdfunding? -open reply-(optional) | |
| What framework would suit crowdfunding with social goals? How to verify social objectives or impact? What level of investor protection is needed? -open reply-(optional) | |

Do you have any other comments?

-open reply-(optional)