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New Legislation Opens Path for Malta to Provide Crowdfunding Services on a Cross-Border Basis

MFSA Introduces New Application to License Crowdfunding Service Providers

European Crowdfunding Service Providers are now able to provide crowdfunding services on a cross-border basis throughout the EU without needing to obtain separate authorisation in each Member State. This development is part of the EU's Capital Markets Union economic policy initiative.

The [Regulation on Crowdfunding](#) lays down uniform rules across the EU for the provision of investment-based and lending-based crowdfunding services related to business financing. Said platforms will need to be authorised by the national competent authority (NCA) in the EU Member State in which they are established. In line with this, the Malta Financial Services Authority has introduced a new application to start the authorisation process for crowdfunding service providers.

Start-ups, small and medium enterprises, and innovative companies often have difficulty accessing funds via traditional means such as bank loans, or through the capital markets, which can be both time-consuming as well as costly. Crowdfunding service providers enable them to connect to and raise funds from multiple investors, usually via digital platforms.

"In many respects, this is a very welcome development for the sector, bringing about much-needed clarity. This new legislation benefits the businesses that need to raise funds, the investors, through appropriate safeguards for consumer protection and ultimately stimulates the wider economy. It also facilitates the cross-border provision of crowdfunding services in the EU, which has been one of the biggest hurdles faced by crowdfunding platforms, leading to high compliance and operational costs. We believe that Malta is well placed to host such platforms, being a jurisdiction which is predominantly composed of SMEs and inclined towards FinTech driven entities," says Doreen Balzan, MFSA's Head of Securities and Markets Supervision.

The new Crowdfunding Regulation only applies to investment-based and lending-based crowdfunding services. Other types of crowdfunding, such as reward and donation-based crowdfunding, do not fall within the scope of this legislation.

Further information can be obtained from the dedicated section on crowdfunding within the [MFSA website](#), including all the necessary application forms for authorisation. Prospective applicants are also encouraged to get in touch with the Authority by contacting us on Crowdfunding@MFSA.mt.

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.



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