

12 November 2021

Circular on Regulation (EU) 2020/1503 – the European Crowdfunding Service Providers Regulation ('ECSPR' or the 'Regulation')

This Circular is being addressed to all market participants, particularly prospective entities who intend to apply for a license as a European Crowdfunding Service Provider ('ECSP').

This Circular should be read in conjunction with the Regulation, its Delegated Regulations and previous Circulars issued by the Malta Financial Services Authority (the 'Authority'), as the case may be.

ESMA publishes Technical Standards on Crowdfunding

On 10 November 2021, the European Securities and Markets Authority ('ESMA') published a Final Report on technical standards (RTS and ITS) under ECSPR. This marks an important milestone towards harmonising the new European crowdfunding regime.

The Final Report covers all of ESMA's 12 mandates in this area, including 4 with a legal deadline of May 2022. As the ECSPR entered into force on 10 November 2021, ESMA decided to deliver on all its technical mandates simultaneously the same day in order to provide indicative guidance to competent authorities and stakeholders.

The 12 standards in the Report cover all investor protection aspects under the ECSPR, namely:

- Complaints handling;
- Conflict of interest;
- Business continuity plan;
- Authorisation;
- Information on default rate;
- Entry knowledge test and simulation of the ability to bear loss;
- Key investment information sheet;
- Cooperation between competent authorities;
- Reporting;
- Notification to ESMA of national provisions concerning marketing requirements;
- Cooperation between competent authorities; and
- Cooperation between competent authorities and ESMA

The draft technical standards have been amended and improved based on the feedback received during the consultation.

In the meantime, the Report has been added to the Crowdfunding Service Providers Section under the [Securities and Market Supervision section on the Authority's webpage](#). Moreover, the Application form for ECSPs has been added to the Crowdfunding Section under the Securities section of the [MFSA's Authorisation webpage](#).

Next Steps

The draft technical standards have been submitted to the European Commission which will start the endorsement process.

At the same time, ESMA will continue its supervisory convergence work, notably through the issuance of Q&As, to further assist competent authorities and stakeholders in the first months of application of the ECSPR.

Contacts

Should you have any queries regarding the above, please do not hesitate to contact us on Crowdfunding@MFSA.mt.