

25 January 2022

Circular on the Issue of New Crowdfunding Rules

This Circular is being addressed to all market participants, particularly prospective entities who have applied or intend to apply for authorisation as a Crowdfunding Service Provider.

The Malta Financial Services Authority (“the Authority”) is issuing the new Crowdfunding Rules in terms of the Malta Financial Services Authority Act (European Crowdfunding Service Providers for Business) Regulations (S.L.330.15) under the MFSA Act (Cap. 330). These Rules contain requirements to which authorised Crowdfunding Service Providers are required to adhere to.

The Rules refer to essentially the provisions of [Regulation \(EU\) 2020/1503](#) of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937, (the “**ECSP Regulation**”), which Regulation has become directly applicable as from 10 November 2021.

The new Crowdfunding Rules shall be applicable as from 10 November 2021 and can be found on the Authority’s website and be accessed [here](#).

The new Rules contain provisions in relation to the following:

(a) **Technical Standards**

The contents of the new Rules should be read in conjunction with the requirements set out in the ECSP Regulation; as well as the requirements set out in the Implementing and Regulatory Technical Standards to be adopted by the European Commission pursuant to the ECSP Regulation, supplementing in further detail the requirements laid down in the said Regulation. In this respect, *Chapter 1 of the new Crowdfunding Rules* highlights the relevant technical standards to be issued.

In this respect it is to be noted that, as outlined in MFSA [Circular](#) of 12 November 2021, ESMA issued the [Final Report on the Draft Technical Standards under the European Crowdfunding Service Providers for Business Regulation](#), on 10 November 2021.

Moreover, on 12 October 2021, EBA published its [Final Report on Draft Regulatory Technical Standards on individual portfolio management of loans offered by crowdfunding service providers](#).

(b) Marketing Requirements

The ECSP Regulation permits competent authorities of a Member States or EEA State to publish national marketing requirements that will apply to crowdfunding marketing communications in that Member State or EEA State.

Chapter 2 of the new Crowdfunding Rules sets out the marketing requirements that will apply to both investment-based and lending-based crowdfunding services provided by Crowdfunding Service Providers and European Crowdfunding Service Providers when promoting their crowdfunding services through marketing communications to clients in Malta. It aims to outline the high-level principles, standards and relevant risk warnings applicable to crowdfunding marketing communications.

Moreover, a Summary of National Provisions concerning Marketing Requirements has also been added on the Authority's [webpage](#) under Crowd Funding Service Providers Rules section.

Contacts

Any queries or requests for clarifications on the contents of this Circular should be addressed to the Authority on crowdfunding@mfsa.mt.