

Feedback Statement on the Proposed Fees for European Crowdfunding Services Providers ('ECSPs')

Ref: 04-2022

Date: 23 June 2022

Contents

| | |
|------------------------------|---|
| Introduction | 3 |
| Main Comments Received | 3 |
| Way Forward..... | 4 |
| Contacts..... | 4 |

Introduction

Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European Crowdfunding Service Providers (hereinafter referred to as the 'Regulation' or the 'ECSPR') is novel and applicable as of 10 November 2021.

The Regulation inter alia lays down requirements for the provision of lending-based and equity-based crowdfunding services for the first time at EU level. It introduces a single set of requirements applicable to European Crowdfunding Service Providers ('ECSPs') across the EU, including strict rules to protect investors.

In view of the fact that the Malta Financial Services Authority ('MFSA' or the 'Authority') has always sought to generate stable and proportionate regulatory fees charged to licence-holders, the Authority issued a Consultation Document and related draft Legal Notice proposing a new home-grown fee structure for ECSPs.

Further to the said Consultation Document, the MFSA is issuing a Feedback Statement on the comments received from stakeholders. An outline of the main comments received and the MFSA's position in relation thereto is provided below.

Main Comments Received

Industry Comment: Reducing the initial burden for ECSPs forecasting an annual turnover of less than €500,000 at application stage through the lowering of the application fee.

MFSA Position: The Authority considered the resources it would need to process such applications in line with a cost recovery approach. It should be noted that the amount of projected turnover indicated in an application would not have a bearing on the resources required. Therefore, although the Authority appreciates the arguments and suggestions made to link the fees with the projected turnover, it does not deem such model to be in line with a cost recovery approach. Moreover, the Authority has considered the fees being charged or proposed by other jurisdictions in this area. Given the international scope of this framework, we had to make sure that we could compare positively with other EU jurisdictions.

Industry Comment: Restructuring the Annual Supervisory Fee by having a lower fee for those ECSPs forecasting an annual turnover of less than €500,000, which fee would be topped up if the turnover exceeds €500,000.

MFSA Position: The same cost recovery approach was adopted with regards to the Annual Supervisory Fee. Although the Authority appreciates the suggestion, the workload with regards to offsite and onsite supervision is identical, irrespective of projected turnover. Therefore, reducing the Annual Supervisory Fee would not be in line with a cost recovery approach.

Way Forward

The Legal Notice will be submitted for the Cabinet of Ministers' approval in the coming weeks. Following such approval and its entry into force, a Circular informing the stakeholders on the date of applicability will be issued.

Contacts

Any queries or requests for clarifications in respect of the above should be addressed by email on crowdfunding@mfsa.mt.