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CONSULTATION DOCUMENT
Crowdfunding in the EU - Exploring the added value of potential EU action

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudge the final form of any future decision to be taken by the Commission. The views presented in this document are not a final policy position nor do they constitute a formal proposal by the European Commission.

You are invited to comment on this paper by filling in the attached online questionnaire by 31 December 2013.

Link: http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=CROWDFUNDING

In the interests of transparency, organisations are invited to provide the public with relevant information about themselves by registering in the Transparency Register and subscribing to its Code of Conduct. If you are registered, please indicate the name and address of your organisation and your Transparency Register ID number in the questionnaire.

The Commission services ask organisations who wish to submit comments in the context of public consultations to provide the Commission and the public at large with information about whom and what they represent. If an organisation decides not to provide this information, it is the Commission's stated policy to list the contribution as part of the individual contributions.

INTRODUCTION

Crowdfunding is an emerging alternative form of financing that connects directly those who can give, lend or invest money with those who need financing for a specific project. While calls for funds to the public are not new, the phenomenon of using the internet to directly connect with funders emerged recently. Crowdfunding can take many forms, ranging from simple donations to investments in equity. The practice is becoming more and more wide-spread since the financial crisis, as banks' lending activity is reduced and access to finance is more difficult. In 2012 crowdfunding in Europe saw an estimated 65% growth compared to 2011 and reached € 735 million.[1] This figure is promising compared to the shrinking European venture capital market of € 3 billion,[2] although it stays modest if compared to the European IPO markets (in the range of € 16.5 billion)[3].

Why this public consultation? The aim of this public consultation is to explore how EU action, including a range of soft-law measures, could promote crowdfunding in Europe. Crowdfunding has many promising benefits that fit with the objectives of the European Commission. The Entrepreneurship 2020 Action Plan[4] aims to increase the level of employment through reinforcing entrepreneurship across Europe. It invites Member States to "*assess the need of amending current national financial legislation with the aim of facilitating new, alternative forms of financing for start-ups and SMEs in general, in particular as regards platforms for crowd funding*". Responses to the green paper "Long term financing of the European economy"[5] also confirmed that crowdfunding – alongside many other initiatives – can play a role in promoting access to finance for sustainable and inclusive growth. The European Council in its June 2013 conclusions emphasised the need to develop alternative sources of financing in close cooperation with Member States.[6] The workshop on crowdfunding of 3 June 2013 organised by the European Commission in Brussels confirmed that it was timely and necessary to assess where European action could add value to nurture the growth of this new form of financing, while ensuring an adequate level of protection of contributors.[7]

Who should answer? Anyone with an opinion on crowdfunding is invited to fill in the questionnaire. People who might contribute to, or launch, a campaign, crowdfunding platforms, national authorities, academics, associations and all other interested parties are encouraged to answer. To give us your opinion, please fill in the on-line questionnaire by 20 December 2013. The questionnaire is available at:
http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=CROWDFUNDING

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1 Massolution 2013 "Crowdfunding Industry Report" available at: http://research.crowdsourcing.org/2013cf-crowdfunding-industry-report.
2 EVCA Yearbook 2012
3 4consecutive quarters between Q3 2012 and Q2 2013. PWC IPO Watch Europe http://www.pwc.co.uk/audit-assurance/publications/ipo-watch-europe.jhtml
4 Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe Brussels 09.01.2013, COM(2012) 795 final
5 Green Paper 'Long term Financing of the European Economy' Brussels, 25.3.2013, COM(2013) 150 final.
6 Conclusions of the European Council 27/28 June 2013.
7 See http://ec.europa.eu/internal_market/finances/crowdfunding/index_en.htm

1. DEFINITION AND DIVERSITY OF CROWDFUNDING MODELS

Crowdfunding refers to open calls to the wider public, typically through the internet, to finance a specific project. These calls usually state the funding needs and the purposes of the project, defining a limited funding period. Crowdfunding campaigns typically collect small individual contributions coming from a large number of individuals. The projects usually have relatively small funding targets – although there are some exceptions.[8] Crowdfunding is in its early stage of development and so its different models, benefits and risks are still changing.

Various types of project may seek crowdfunding: artistic works, philanthropic initiatives, public projects, innovation, research and development, or local business projects, to mention just a few. The objective might even be private consumption. Projects calling on the crowd for funds are usually new projects, although exceptionally crowdfunding may be used to save failing businesses as well.[9]

Typically on the two sides of a **crowdfunding transaction** there is a person with an idea for a project who sets up a crowdfunding campaign on one side (project owner or campaigner), and many people who give money to realise this idea on the other side (contributors).

The campaigner can collect funds directly, but often a web-based intermediary (so-called 'crowdfunding platform') will assist in publishing campaigns, reaching contributors and collecting funds. These platforms usually perform certain screening and monitoring functions as well, and they typically charge a fee for these services. In 2012 it was estimated that there were more than 200 crowdfunding platforms in Europe. [10]

Project owners at the end of the crowdfunding campaign can either keep any amount that has been offered, or keep the money only if the defined target amount of the campaign has been reached. In the latter scenario, if the target is not reached, the campaigner has to return all the money pledged to those who offered to contribute.

Crowdfunding can take many different forms. One taxonomy follows the type of exchange between the project owner and the contributor (what contributors get in return for their money):

- donations,
- sponsoring (advertising in exchange for financing),
- rewards (a product or service of lower value than the contribution),

[8] In the United States a film project raised $5.7million in 30 days, which spurred a debate on whether established artists (or firms) that may have recourse to other sources of finance will not 'soak up' the funding potential of the crowd, thereby pre-empting one of the possible advantages of crowdfunding to help newly emerging projects. http://www.kickstarter.com/projects/559914737/the-veronica-mars-movie-project

[9] For example a platform in France plans to specialise in funding businesses in difficulty: http://www.reestartup.fr/

[10] De Buysere et al. 2012 "A framework for European crowdfunding".

- pre-selling (collecting funds to develop and deliver a product),
- lending (the project borrows money from the crowd with or without interest)[11] and
- securities-based investments (where the project issues shares or bonds to contributors to the crowdfunding campaign).

The above typology also shows that most of these forms of fundraising – such as donations - are not new. Others, such as lending, take a quite different new form in the context of crowdfunding. The various types are briefly described here.

a. Donations

Crowdfunding can take the form of donations, where people give money to a given project and they are not promised anything in return. The size of this type of crowdfunding campaigns is typically small, an estimated €500 on average in Europe.[12] Despite their small size, this is the most frequently used model of crowdfunding: 62% of crowdfunding campaigns world-wide were donation-based. Successful projects collected a total of €723 million internationally.[13] Given that contributors are not promised to get anything in return, the only risk they take is that the money they give is not used for the stated purposes (fraud), which is a risk present in any other form of crowdfunding as well as in traditional forms of donations and charitable giving.

b. Rewards

Reward-based campaigns offer, in exchange for contributions, some products or services typically of a lower value. The CD of an artist or an autograph are two examples. Rewards-based crowdfunding is another popular form of campaign. €285 million was collected world-wide through this form of crowdfunding. Crowdfunding campaign for rewards collects some €3 000 on average, according to estimates.[14] The success rate of these projects seem to be lower than that of donations: around 22% in Italy.[15] Social causes, artistic projects and business ideas seem to be the main beneficiaries of this form of crowdfunding.

c. Pre-selling

We can talk about pre-sales and product development when the campaigner collects funds to develop a future product and contributors can pay in advance to order it. Once the product is ready, the campaigner will ship it to the contributors who take the position of on-line shoppers at a time when the product is not yet developed. Crowdfunding platforms that offer the possibility to launch campaigns for rewards can often be used for pre-sales and product developments. The dividing line between these two categories is thin.

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[11] Also referred to as peer-to-peer lending.
[12] De Buysere et al. 2012 “A framework for European crowdfunding”
[13] Massolution 2013 “Crowdfunding Industry Report”
[14] De Buysere et al. 2012 “A framework for European crowdfunding”
[15] Castrataro, D. and Pais, I. 2012 "Analisi delle Piattaforme di Crowdfunding Italiane" available at: http://www.italiancrowdfunding.org/

d. Profit sharing

Certain crowdfunding projects will offer a share in the future profits of the business or royalties of the artist. These models of crowdfunding are called profit- or royalty-sharing. Contributors investing money on these terms need to know precisely on what basis the profit share will be calculated and there has to be a reliable mechanism for them to monitor the realised profits. A crowdfunding platform can perform this monitoring role with the appropriate organisational arrangements and rules in place.

e. Lending

Direct lending – also called peer-to-peer lending – is a financial crowdfunding model, where campaigners take the position of borrowers and contributors act as lenders. Borrowers may be businesses or private individuals and their projects can range from social projects to business initiatives and even private consumption. According to international estimates business and entrepreneurship projects collect almost 55% of lending world-wide.[16] Lending can take place at a defined interest rate or at no interest (typically for social lending). It is estimated that lending campaigns raise on average around €4 500.[17]

Lending entails some risks. Contributors might find it difficult to verify the creditworthiness of lenders. And since lending platforms are typically not banks, they are not covered by deposit guarantee schemes that would ensure that lenders get back their money in case the borrower fails to pay. Lenders can however diversify their portfolio (spread the intended amount of investment over several projects) in order to minimise the risk of capital losses. Some platforms have in place tools that ensure diversification of the lent money, but again, practices vary and often there are no mandatory rules in place.

Peer-to-peer lending with interests offers an alternative investment opportunity to contributors. The terms of lending are quite clear, and as long as they are informed about the risks, contributors can make informed decisions about how much money to lend. From the perspective of project owners (borrowers) the advantage of lending is that they do not need to give up decision and ownership rights (as it would be the case if they issued shares). As bank lending has reduced after the crisis, peer-to-peer lending can be a valuable alternative providing easier, faster and potentially also cheaper access to finance.

f. Securities (shares and bonds)

Crowdfunding can also take the form of investments into securities: shares or bonds. Campaigns issuing shares or bonds collect on average an estimated amount of €50 000 in

[16] Massolution 2013 "Crowdfunding Industry Report"
[17] De Buysere et al. 2012 "A framework for European crowdfunding"

Europe. World-wide estimates show that business and entrepreneurship and social causes are the two categories that turn to this form of crowdfunding the most often.[18]

Contributors buying shares through crowdfunding need to understand well the distinctive features of this crowdfunding model. First, contributors need to estimate what the value of the venture is. There is no trading in these shares that could reveal their value to the investor before making the investment. This raises the risk of over-valuation of projects.

As in any other form of crowdfunding, the risk of project failure exists also in the case of equity-based crowdfunding. For the contributors (shareholders) this means they lose the amount they invested. If the venture survives but turns out to be less successful than contributors thought, it might pay lower and less frequent dividends than contributors had hoped for.

Buying shares brings with it also certain voting rights, which can protect the interests of the investor. But investors need to be prepared to exercise those rights. They might be able to make their investment through the internet, but casting their votes may not always be possible from a distance. Contributors risk the dilution of their investment value if the company decides to issue new equity to further investors.

Finally, when investors wish to exit the investment (i.e. sell their shares) there is in principle no active and liquid secondary market where they could easily do so. Contributors should be aware of this fact at the time when they decide whether to invest into shares through crowdfunding.

However, there are also considerable advantages to investors from equity crowdfunding. One major plus of this form of crowd investment is that investors can use their expertise and skills to identify the most promising future projects. From the equity issuers' perspective this form of fund raising is a viable alternative to getting bank financing, venture capital or angel capital, even if it means giving decision rights to shareholders, and not necessarily benefitting from the same level of network and expertise as with business angels.

2. BENEFITS AND OPPORTUNITIES IN CROWDFUNDING

Background - the finance gap

European SMEs largely depend on bank financing, but since the financial crisis banks are much more restrictive in their lending. In a recent survey ran by the European Commission and the ECB,[19] SMEs reported a deterioration in the availability of bank loans, and results suggest that financing conditions for SMEs are more difficult than those for larger companies. Venture capital is another important source of financing. In 2012 they invested

[18] Massolution 2013 "Crowdfunding Industry Report"

[19] European Commission - ECB Survey on the Access to Finance of Small and Medium-sized Enterprises (SAFE), press release 26 April 2013

3.2 billion EUR into more than 4,000 European SMEs. However their investment decreased by 14% compared to previous year[20]*. A further source of finance for SMEs is provided by business angels: in 2012 the total amount of these investments was around 5 billion EUR.*[21]

a. Advantages for the economy

In the context of SME's finance ecosystem, it appears that crowdfunding may respond to the needs of many small start-ups that do not manage to access bank finance, venture capital or reach the stage of initial public offering (IPO). Crowdfunding could thus contribute to bridging the finance gap for small firms and innovative projects. It could complement other sources of finance. Better access to finance for small businesses would promote entrepreneurship and ultimately contribute to growth and job creation.

Crowdfunding creates opportunities to turn larger groups of people, who otherwise would not have access to traditional channels of finance, into small-scale entrepreneurs. It introduces competition to other sources of finance, and as it is often used by innovative, artistic and social projects, it promotes innovation, culture and social entrepreneurship.

b. Advantages for project owners

Crowdfunding has many potential advantages to offer to project owners. These include market testing and market validation, reduced product development and marketing costs, and wide reach. The flexibility and speed of fundraising, easier and cheaper access to finance, and reduced dependence on traditional forms of financing are further advantages. In addition project owners can get feedback and advice or other resources from the crowd (networking, crowd-sourcing, etc.).

c. Advantages for contributors

To contributors crowdfunding generally offers the possibility of greater interaction and engagement with the project they finance, which can build a sense of community and social cohesion. This form of financing also adjudicates public taste and interest in a democratic, bottom-up manner.

Financial models of crowdfunding can create a complementary investment opportunity, where investors might have a channel of direct communication with project creators.

3. THE RISKS AND CHALLENGES OF CROWDFUNDING

Different forms of crowdfunding might pose different types of risks.

a) Some of the **most relevant issues for all crowdfunding models** are:

- risk of *fraud* (when the money collected is not used for stated purposes)

[20] EVCA Yearbook 2012

[21] "Evaluation of EU Member States' Business Angel Markets and Policies" 2012 Report prepared by CSES for the European Commission, October 2012, available at: http://ec.europa.eu/enterprise/dg/files/ba-rep_en.pdf

- *advertising and advice* by promoters or platforms may be *misleading*
- how platforms treat *payments*, whether reclaimable contributions are returned

b) Concerning those models **where contributors expect something in return** (rewards, pre-sale, lending, equity):

- losses from *project failure* (contributors do not receive what they were promised).

c) In cases where **shares** are issued to contributors:

- lack of secondary markets for trading (*lack of liquidity*)
- potential *dilution of investors investment value* through further equity sales
- difficulties in exercising shareholder rights in a *complex ownership model*

d) For **project owners** crowdfunding raises the challenge of

- *intellectual property rights protection* of business ideas that they have to share with the crowd in order to get financing.

4. SAFEGUARDS AGAINST ILLEGAL PRACTICES IN CROWDFUNDING

a. Prevention of fraud

Internet-based communication easily lends itself to fraudulent representation and false statements. Although it is commonly argued that the use of social media - an important communication channel - significantly reduces the incentives and possibilities to launch fraudulent crowdfunding campaigns.[22]

The E-commerce Directive[23] stipulates that platforms and project owners have to identify themselves and have to identify the purpose of their activity. If a platform obtains an actual knowledge that a specific project is pursuing illegal objectives, the platform could be held liable or would need to instantly remove the illegal information or activity.

b. Intellectual property rights protection

The risk in crowdfunding for project owners is that they need to disclose their ideas to the wider public at an early stage where their intellectual property rights may not yet be protected. For instance, if an invention is published before a patent application is filed, the inventor may no longer be able to obtain a patent, as it would lack novelty by the time of the filing of the application. Obtaining an EU-wide patent costs money. Yet, under the future system, the cost

[22] See e.g. Massolution: Industry Report 2013.
[23] 2000/31/EC

will become considerably lower: The "unitary patent package"[24] will provide the possibility to obtain a "**European Patent with unitary effect**", a legal title ensuring uniform protection for an invention across 25 Member States[25] on the basis of one single application to the European Patent Office (EPO), at a considerably reduced cost and with less administrative burden.

c. Anti money laundering

There is an obligation on financial institutions and payment service providers to perform checks to prevent money laundering are different across Member States. The 3rd Anti Money Laundering Directive (AML) has a minimum harmonisation approach and allows Member States to implement higher standards. Depending on where the payment provider is based, it might be subject to different requirements, e.g. with regard to thresholds as of which transactions are subject to AML measures or regarding the scope of entities which are under AML obligations. There are however a number of mechanisms for Member States coordination in the Directive.

5. HOW TO UNLEASH THE FULL POTENTIAL OF CROWDFUNDING?

Crowdfunding is a new phenomenon with numerous promising benefits. The aim of the present public consultation is to identify how to best promote its growth in a safe environment. Is there need for action at European level, and if so in what form and in which areas? Granting access to markets across the Union on clear and non-discriminatory terms, awareness raising and matched public financing are among the options with soft-measures. Providing facilitated market access, enhancing transparency, or setting some basic requirements for platforms are some of the legislative options.

a. Awareness-raising and facilitative measures

As crowdfunding is a relatively new form of financing, not everyone who could contribute or raise funds is aware of the concept and its advantages. Awareness-raising among citizens in general (as potential contributors) and specific groups, such as small entrepreneurs, artists, social entrepreneurs (as potential fund raisers) might help further growth to reach the full potential of this form of finance. In 2013 the European Commission took a range of facilitative actions to increase web entrepreneurs' access to finance, as announced in the Entrepreneurship 2020 Action Plan.[26]

b. Public financing

[24] The "unitary patent package" consists of two regulations, the Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection and Council regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements, as well as the Agreement on the Unified Patent Court. The unitary patent package will be applicable upon the entry into force of the Unified Patent Court Agreement.

[25] All Member States but Italy and Spain; Croatia has so far not joined the enhanced cooperation.

[26] Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe Brussels 09.01.2013, COM(2012) 795 final

Traditional public funding could also be allocated alongside crowdfunding. Governments or other funding agencies can consider the popularity of a project on a crowdfunding platform in their own decision-making process on whether to grant public funds, in order to demonstrate project relevance, creating a new legitimacy for funding decisions. To avoid the risk of abuse or populist decisions (projects being funded due to their extended networks, rather than on the merits), the success of crowdfunding should be only one of several criteria guiding public funding decisions and be weighed against other public objectives. Grants may be designed, for instance, to facilitate the uptake of crowdfunding to platforms, to accelerate awareness-raising or to finance certain adaptation/co-operation costs. Public funding could top-up contributors' commitments, or go directly to crowdfunding platforms.

c. Access to markets for crowdfunding platforms and campaigns

Today most of the money raised through crowdfunding goes through a platform.[27] Granting EU-wide access to platforms would allow them to reach scale at a European level, provide more choice, more competition, and access to a larger pool of crowd capital.

The E-commerce Directive created a horizontal legal framework to facilitate the provision of online services, including electronic commerce, in the Internal Market. Platforms providing their services for remuneration are subject to the obligations of this Directive and can benefit from the market access it grants them to all EU countries.

d. Access to markets for financial forms of crowdfunding platforms and campaigns – (profit-sharing, securities, lending)

Financial forms of crowdfunding fall under sector-specific EU legislation on financial services. Due to the complexity and risks inherent in financial services, access to markets is tied to higher requirements, mainly to ensure investor protection. But this legal framework contains exemptions for transactions below a certain threshold. Since crowdfunding campaigns typically have relatively low target amounts, they often fall out of scope of EU legislation. Targeted measures have been introduced in a number of Member States to regulate financial forms of crowdfunding. These range from minimum limits on individual contributions to various duties on platforms to safeguard investors' interests. **This public consultation aims to collect information about the applicable national rules and views of stakeholders on what would be an optimal legal framework for crowdfunding.**

a) As for fund raisers who issue securities through a public offering, the **Prospectus Directive** (PD)[28] applies and gives the possibility to passport their prospectus to other Member States. Offerings below € 5 million are out of the scope of the PD and these offers are left to regulation at national level. In the PD there are also several exemptions from the obligation to publish a prospectus, e.g. offers with a total consideration of less than € 100 000 within the Union. These are harmonised, mandatory exemptions that national laws cannot override.

[27] See Industry Report 2012 - It is probably still too early to predict how direct crowdfunding and intermediated crowdfunding will evolve in the near future.

[28] Directive 2003/71/EC (OJ L 345/64) as amended by Directive 2010/73/EU (OJ L 327/1)

Hence, the PD takes a proportionate approach with respect to small-scale offers and issuers by not requiring a prospectus for offers below € 5 million or by adapting its requirements to cases where a prospectus would be required but where the issuer is a SME, which is normally the case for CF project owners. The consultation will be a good opportunity to gather information on the rules Member States have in place for offerings between €5 million and € 100 000 and to find out whether these rules are appropriate for crowdfunding campaigns that might plan cross-border offerings.

b) With regard to crowdfunding platforms that host securities campaigns, the **Markets in Financial Instruments Directive** (MiFID)[29] requires entities performing financial intermediation to be registered and comply with MiFID investor protection rules. These entities benefit from a passport to other EU Member States. Member States have the option to apply an exemption (Article 3 MiFID) for certain well defined entities advising or receiving orders from investors and transmitting them to platforms and other specified entities. The accompanying questionnaire invites national authorities to indicate whether and how they use this exemption. In case trading of purchased equity is allowed among the investors on the funding platform (secondary market), the platform might qualify as a multilateral trading facility under MiFID. With respect to those entities that may be captured by MiFID, it should be noted that the overall MiFID framework is respectful of the proportionality principle. For example this is reflected in the way firms are authorised and comply with the operational requirements. The consultation raises the question of whether the MiFID offers the optimal legal environment to allow the growth of crowdfunding at national and European level, while ensuring adequate investor protection.

c) Peer-to-peer lending platforms fall out of the scope of EU banking legislation as long as they do not collect deposits on their own account. Although the **European Payment Services Directive**[30] does not include peer-to-peer lending in its scope, its national implementation may cover these activities (subject to the business model used). If a platform is licensed as a payment institution it can get a passport to other Member States. Peer-to-peer lending is an innovative form of fundraising that raises quite some new elements compared to traditional banking. The consultation also aims to identify how European rules are applied to peer-to-peer lending platforms and what specific national rules are in place.

d) The **Consumer Credit Directive**[31] enables borrowers to compare the total cost of credit summarised by the Annual Percentage Rate of Charge via the Standard European Consumer Credit Information (SECCI) provisions. It also promotes responsible lending by facilitated access to insolvency databases to cross-border lenders. Although the provisions of the Consumer Credit Directive have been designed for financial institutions lending to consumers, they can be usefully applied in the context of crowd-funding, where small investors bear the risk of capital losses.

[29] Directive 2004/39/EC (OJ L 145/1)
[30] Directive 2007/64/EC (OJ L 319/1)
[31] 2008//48/EC

e) The proposed **Mortgage Credit Directive**[32] will cover credits secured by a mortgage and home loans, granted by creditors to consumers. This Directive mainly focuses on the pre-contractual stage (e.g. advertising, standardised information sheet, creditworthiness assessment and standards for advisory services) but also contains rules on conduct of business obligations, knowledge and competence for staff, early repayment, foreign exchange loans, tying practices, arrears and foreclosures. In addition it provides for requirements for establishment and supervision of credit intermediaries.

6. QUESTIONS

Stakeholders are invited to express their views on how European action could help unleash the full potential of crowdfunding in the EU. Respondents can share their views concerning the definition, categorisation as well as the benefits and risks of different forms of crowdfunding described above. The consultation asks what forms of EU action (including soft measures, such as awareness raising, public funding and coordination of self-regulatory or national regulatory best practices) would add value for each of the various crowdfunding models.

Given that crowdfunding is expanding, is there a problem that justifies specific EU intervention? Could a large-scale scandal undermine the confidence of contributors in this early stage of the industry's developments? Is there a value-added in EU-wide market access and is there a real demand for EU-wide crowdfunding campaigns? Are there legal barriers that impede cross-border access or render it overly burdensome for certain forms of crowdfunding, such as financial forms? Is there a need to treat crowdfunding with a social impact differently than other forms of for-profit campaigns?

The questionnaire also aims to map out applicable national rules and asks whether the current EU legal framework allows untapping the benefits of crowdfunding in Europe. If not, what elements would need to be changed to grant easier market access across the Union? What rules would provide an adequate and proportionate investor protection framework? Any potential legal change should strike a careful balance between market opening and investor protection. Given the complexity and risks of financial forms of crowdfunding compared to other crowdfunding models (donations, rewards, pre-sales), market access to financial campaigns and platforms cannot be granted without some form of investor protection. The questionnaire asks respondents' opinion on a list of possible legal solutions.

The questionnaire is available at:

http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=CROWDFUNDING

[32] Proposal for a directive of the European Parliament and of the Council on credit agreements relating to residential property. Brussels, 31.3.2011, COM(2011) 142 final. Formal adoption planned in 2013, after which Member States will have two years to implement these provisions, which will apply to new credit agreements after the transposition deadline.