

The application for the new crowdfunding licence starts from the 10th of November 2021





Last year, the Regulation on European Crowdfunding Service Providers (ECSP) for business entered into force. As a result of the new regulation, the crowdfunding service providers must now apply for the crowdfunding license at the Financial Supervision Authority (FSA). The FSA will accept applications starting from the 10th of November 2021.



The new rules are expected to provide more protection to the investors. The crowdfunding service providers must ensure that an effective system of governance is essential for the proper management of risk and for preventing any conflict of interest that is suitable for their business model. To give the investors an opportunity to make an informed investment decision, the crowdfunding service providers must provide the investors with a key investment information sheet drawn up by the project owner for each crowdfunding offer. The crowdfunding service providers must have capital that will cover at least a loss of EUR 25 000 or a quarter of the fixed overheads of the preceding year. The licenced service providers may operate cross-border across the other Member States if they provide the FS with the required information.

In the interests of legal certainty, there will be a time for transition. The crowdfunding service providers may provide their services until 10 November 2022 or until they are licensed, whichever is earlier. Otherwise, the activity must be stopped.

For more information please write to medeia.dzaparidze@njordlaw.ee

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