



The EU Crowdfunding Regulation

A new regulatory framework for crowdfunding services applicable from 10 November 2021

Regulation (EU) 2020/1503 on European Crowdfunding Service Providers for business

On 10 November 2021, the [Regulation \(EU\) 2020/1503 on European Crowdfunding Service Providers for business](#) (the "**Regulation**"), an initiative part of the European Commission's [FinTech action plan](#) and the [mid-term review of the capital markets union action plan](#), will enter into application across the EU.

The Regulation lays down uniform and directly applicable rules across the EU for the provision of investment-based and lending-based crowdfunding services related to business financing, and allows crowdfunding service providers ("**CSP's**") to apply for an EU passport based on a single set of rules, thus allowing them to offer their services on a cross-border basis within the EU with a single authorisation.

Providers of in-scope crowdfunding services will benefit from a transition period in order to adapt their business to the Regulation, which will run up and until 10 November 2022.

New Swedish legislation in the wake of the Regulation

On 13 October 2021, the Swedish parliament approved the Swedish governments [proposal](#) for a new Act on Supplementary Provisions to the Regulation (SFS 2021:899), as well as ancillary changes to adjacent regulations, which will enter into force on 10 November 2021.

Below is a summary of some key takeaways from the new legislation.

- The Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “**SFSA**”) is designated the responsibility for carrying out the functions and duties provided for in the Regulation.
- Swedish CSP’s will be subject to the Swedish AML/CTF regulation.
- The SFSA’s supervisory and investigatory powers will include, *inter alia*, the right to:
 - request certain information or documents and carry out on-site investigations;
 - suspend the provision of crowdfunding services, a crowdfunding offer and/or marketing communication (as applicable), temporarily for a maximum of ten working days or for the time being (as the case may be) under penalty of a fine;
 - transfer existing contracts to another CSP in cases where a CSP’s authorisation is withdrawn on the ground that it has not provided crowdfunding services for nine successive months and is also no longer involved in the administration of the existing contracts; and
 - impose certain administrative measures and sanctions for infringements of the Regulation against authorised CSP’s, its managers and anyone who provides in-scope crowdfunding services without proper authorisation.
- Sweden will not exercise the option provided for in the Regulation to introduce sanctions of a criminal nature for infringements of the Regulation.
- Project owners, ie natural or legal persons seeking funding through a crowdfunding platform, are exposed to civil liability for any economic loss suffered by an investor resulting from an omission, mistake or inaccuracy in the key investment information sheet (“**KIID**”) drawn up in accordance with Article 23 of the Regulation, however only to the extent caused by gross negligence or wilful misconduct. The same applies for CSP’s providing individual portfolio management of loans, where a KIID has been drawn up in accordance with Article 24 of the Regulation.

If you have any questions or need further information, please do not hesitate to contact our experienced members of the financial services group:



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