



Mr. Michel Barnier
Commissioner for Internal Market
and Services
European Commission
Rue de la Loi 200
BE-1049 Bruxelles

24 February 2014

Dear Commissioner,

I write to you regarding the issue of crowdfunding. BUSINESSEUROPE supports your efforts to make financial markets work for the real economy and shares your view that crowdfunding has great potential to finance projects which would be difficult to finance by traditional means.

Access to finance is vital for companies and growth. It remains a major concern especially as banks will continue to withdraw from on-balance-sheet lending as a response to new financial regulations. Companies, and in particular smaller- and medium-sized companies, must be able to diversify their access to finance and crowdfunding plays a role in this context. From a broader perspective, the existence of a variety of financing instruments is in the interest of competitiveness and growth.

EU action could help to develop the crowdfunding market especially in Member States where the market is underdeveloped or non-existent. The Commission could for example facilitate the development of crowdfunding through the sharing of good practice and in raising awareness and understanding of the different types of crowdfunding. Currently, it can happen that businesses and consumers are misinformed as to what crowdfunding is, how it operates, and what the risks are. Improved information should resolve these misunderstandings.

Although the legal framework regarding crowdfunding in the EU is fragmented with different national frameworks, we do not believe that it is necessary that the Commission goes further and proposes specific regulation to harmonise these frameworks. Crowdfunding is a new, innovative form of finance which operates well in those countries where it is more established. National frameworks seek to bring credibility and stability to the markets enabling them to provide a safe and secure environment. These national arrangements, which are often requested and supported by the crowdfunding platforms, should be respected and EU wide legislation should not stifle the development of these markets.



The sharing of best practices called for above should help identifying some common principles, in particular in the area of investor protection. It should also support work at national level on the development of fiscal incentives for investment in crowdfunding.

Fiscal incentives have played a strong role in the impressive take-off of crowdfunding in the US. It should be noted however that, in countries with an excessively complex fiscal system, the creation of such fiscal incentives might not deserve the same priority as reviewing the tax system in its totality.

Along the facilitatory measures suggested above, the Commission could also play a role in monitoring developments in the alternative finance markets across the EU and gather data to improve the understanding of how alternative financing sources are being developed and used across the EU. This should include wider alternative financing sources and not just the crowdfunding market given the importance that companies can diversify their access to finance.

The Commission should also effectively open up the risk capital facilities provided by COSME for crowdfunding platforms. So far the commitment is only "in principle" but not yet in practice.

We hope that you share these views and will be able to ensure that financial markets, including crowdfunding markets, can contribute to growth and jobs. We remain at your disposal should you wish to discuss this subject further.

Yours sincerely,

Markus J. Beyrer