



GOVERNMENT OF MALTA

Government response to the Consultation on Fees for European Crowdfunding Services Providers ('ECSPs')

June 2022

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Published by the Ministry of Finance and Employment

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Executive Summary

Introduction and overview

1. A brief introduction about the subject.

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.

2. The public consultation date.

Include the objective and purpose of the public consultation.

On 10 May 2022 the MFSA published a consultation document on fees for European Crowdfunding Service Providers established in Malta. Its purpose was to gather views from stakeholders on the proposed new fees.

3. This consultation sought views on:

- The application fee
- The extension for licence fee
- The annual supervisory fee

Responses to the consultation and process used to seek stakeholder views

This document is the MFSA's Response to this consultation and sets out the MFSA's decisions on these matters.

4. The closing date of the public consultation. Which methods were used to receive the feedback. The total amount of responses. From whom you received the feedback.

The consultation closed on 31 May 2022. The consultation document and the reply form were available online and responses were accepted electronically. In total, there was 1 response. This was received from a private consulting company.

5. Include (if any) meetings with stakeholders and list who the stakeholders were.

No meetings were held.

Summary of responses and decisions

The following is a summary of the consultation responses received.

6. Statistics.

- Total feedback received: 1
- Total feedback received by individuals: 0
- Total feedback received by organisations: 1
- Total feedback received through email: 1
- Total feedback received through online form: N/A
- Total feedback received by post: N/A

7. Summary of feedback received.

The proposal we received aimed at reducing the initial burden for ECSPs forecasting an annual turnover of less than €500k at application stage through the lowering and/or staggering of the application fee.

The proposal also suggested the restructuring of the Annual Supervisory Fee by having a lower fee for those ECSPs forecasting an annual turnover of less than €500k, which fee would be topped up if the turnover exceeds €500k.

8. Your assessment and the Government's decision (list the Government's decisions).

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 and, therefore, although the Authority appreciates the arguments and suggestions made to link the fees with the projected turnover, it does not deem such model in line with a cost recovery approach. Moreover, the Authority has considered the fees being charged/proposed by other jurisdictions in this area to make sure that it is also in line with other EU jurisdictions 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 size. Therefore, reducing the Annual Supervisory Fee would not be in line with a cost recovery approach.

Implementation

9. When you intend to implement the decisions

Subject to Cabinet of Ministers' approval, we would like to implement by the end of Summer 2022.

Contact Details

If you have any questions regarding this response, please contact: crowdfunding@mfsa.mt