



At the end of the last decade, Europe was confronted with a new fundraising method, which flew over from the United States of America: Crowdfunding. The basic principle of crowdfunding is rather simple: the necessary budget for an investment is collected by a lot of people making small contributions. This fundraising method is mainly done via the internet.

Although crowdfunding was initially only used in order to support creative projects (art, literature, film and music industry), it is nowadays becoming a very popular tool in Europe for the financing of new entrepreneurs with an innovative idea wishing to start up their own business.

The advance of crowdfunding in Europe has not been overlooked by the Belgian Financial Services and Market Authority (hereafter referred to as “FSMA”). In this respect, the FSMA has in 2012 (partly) described the regulatory framework for crowdfunding in Belgium.

When crowdfunding is used for the public offering of investment instruments in Belgium, the Belgian Act of 16 June 2006 (Prospectus Act) will inter alia be applicable. However, following exceptions to the public nature of an offering must be kept in mind:

- Offers of investment instruments exclusively to qualified investors;
- Offers of investment instruments addressed to less than 150 natural or legal persons (others than qualified investors) per Member State;
- Offers of investment instruments to investors acquiring instruments for a total consideration of at least 100.000 EUR per investor, for each separate offer;
- Offers of investment instruments whose

denomination per unit amounts to at least 100.000 EUR.

- Offers of investment instruments with a total consideration of less than 100.000 EUR to be calculated over a period of 12 month in the EEA territory.

Despite the fact that crowdfunding in Europe is still a particularly new phenomenon, it can be considered a very promising way of raising funds. Nevertheless, the wide range of applicable legislation should always be kept in mind.



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