ESMA_QA_813

Submission Date
10/11/2021

Status: Answer Published

Additional Information

Level 1 Regulation
Regulation 2020/1503 - European crowdfunding service providers for business

Topic
Underwriting and placing

Additional Legal Reference
Article 3(3) ECSPR

Subject Matter
Provisions of crowdfunding services and organisational and operational requirements

Question
Article 3(3) of Regulation (EU) 2020/1503 (hereinafter, 'ECSPR') provides that "crowdfunding service providers shall not pay or accept any remuneration, discount or non-monetary benefit

for routing investors' orders to a particular crowdfunding offer made on their crowdfunding platform or to a particular crowdfunding offer made on a third-party crowdfunding platform". We would appreciate if the European Commission could clarify its interpretation of the term 'routing of orders' and confirm that, considering the embedded risk of conflicts of interest and the associated serious investor protection concerns associated with such practices, the prohibition set out in Article 3(3) applies broadly to any form of specifically directing prospective investors to a particular crowdfunding offer.

ESMA Answer

10-11-2021

Original language

Answer from the European Commission - (Published as Crowdfunding Q&A 4.1)

'Routing of orders' does mean any form of practice to direct prospective investors to a particular offer, unless that practice is based on objective criteria that are disclosed *ex ante* (such as filtering or search engines).