

Consultation by the European Commission on Crowdfunding in the EU

Reply of NASDAQ OMX

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As operator of financial markets worldwide, including in 7 EU Member States, NASDAQ OMX is fully committed to enhancing trust in public financial markets and developing the equity culture as investment in equity instruments supports economic growth and job creation for the benefit of companies and the society at large. NASDAQ OMX supports all ways of financing businesses, including crowdfunding, which we see as complementing other sources of finance. Like the Commission, we consider that crowdfunding is primarily aimed at start-ups that do not manage to access bank finance, venture capital or reach the stage of IPOs.

With this perspective in mind, we would like to comment on crowdfunding taking the form of securities (shares and bonds).

For us, it is key that any securities type crowdfunding is framed with an adequate regulatory structure ensuring suitable protection of investors as well as fair and orderly organization and functioning of crowdfunding platforms. Principles behind the rules which have been developed for securities markets aimed at ensuring equality of shareholders, their right to information and sound operation of financial markets are also relevant for securities type crowdfunding. More specifically, we want to make sure that possibilities for abuses of investors and companies are avoided to ensure that they do not discourage potential equity investment in larger financial markets.

It is necessary to encourage companies, in particular SMEs, to turn to public markets as a way to finance their growth in view of the deleveraging of bank financing and foster investment in such public companies. Europe needs a revival of IPOs and new listed companies since such companies create jobs and wide investment possibilities, stability and sustainability. For instance, in Sweden

companies on NASDAQ OMX First North (growth companies market) have on average experienced an annual 36.5 % growth in number of employees since their listing (compared to overall job creation in Sweden of 1.65 % annually since 2005).

Encouraging the development of an equity culture, which remains currently undersized in Europe, is a crucial point for us. We therefore wish to avoid any negative impact on public confidence of possible scandals and abuses of investors and companies happening in relation to crowdfunding.

In this context, EU rules could be useful with respect to securities type crowdfunding regarding coordination of self-regulation, sharing national experiences and regulatory best practices, as well as protecting contributors from risks.

We also wish to make reference to the reply of the Federation of European Securities Exchanges to this consultation which develops further some of these points and that we fully support.
