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DIRECTIVE DI73-2009-02

OF THE CYPRUS SECURITIES AND EXCHANGE COMMISSION FOR THE CROWDFUNDING SERVICE PROVIDERS

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The Cyprus Securities and Exchange Commission, exercising the powers vested in it under subparagraph (b) of paragraph (5) of section 25 and paragraph (1) of section 56 of the Cyprus Securities and Exchange Commission Law of 2009, for the purpose of application of articles 12, 13(2), and 15 of the act of the European Union titled:

Official Journal of the EU:L 347, 20.10.2020, p. 1. «Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937»,

issues the following Directive:

**PART I
INTRODUCTORY PROVISIONS**

Short Title. 1. This Directive will be referred to as the Directive DI73-2009-02 for the Crowdfunding Service Providers.

Interpretation. 2. (1) In this Directive, unless a different meaning arise from the context:

«applicant» means a legal person established in the Republic who intends to provide crowdfunding services and who submits an application to the Commission for the granting of an authorisation as a crowdfunding service provider.

73(l) of 2009
5(l) of 2012
65(l) of 2014
135(l) of 2015
109(l) of 2016
137(l) of 2018
56(l) of 2019
152(1) of 2020
45(l) of 2022.

Official Journal of the
EU:
L 347,
20.10.2020,
p. 1.

Official Journal of the
EU:
L 287,
8.11.2022,
p. 5.

«Commission» means the Cyprus Securities and Exchange Commission provided for in section 4(1) of the Cyprus Securities and Exchange Commission Law.

«Regulation (EU) 2020/1503» means the European Union Act titled “Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937”.

«Delegated Regulation (EU) 2022/2112» means the European Union act titled “Commission delegated Regulation (EU) 2022/2112 of 13 July 2022 supplementing Regulation (EU) 2020/1503 of the European Parliament and of the Council, with regard to regulatory technical standards specifying requirements and arrangements for the application for authorisation as a crowdfunding service provider”.

«crowdfunding service provider» means a legal person who provides crowdfunding services and to whom an authorisation has been granted by the Commission under Article 12 of Regulation (EU) 2020/1503.

(2) (a) In this Directive, any reference to a legislative act of the European Union, such as Regulation, Directive or Decision, means the said act as corrected, amended, or replaced, unless from the text of this Directive a different meaning emerges.

(b) In this Directive, any reference to Regulation (EU) 2020/1503 shall mean also the Delegated Acts issued pursuant there to.

(3) Terms used in this Directive and which are not defined differently, shall have the meaning attributed to them in Regulation (EU) 2020/1503.

Scope of application.

3. This Directive specifies-

(a) the procedure to be followed for the submission of an application for the grant of an authorisation as a crowdfunding service provider,

(b) the notifications submitted to the Commission for the supervision of crowdfunding service providers,

(c) the charges payable to the Commission with the submission of applications and/or notifications as well as the amount of thereof,

(d) the fee payable to the Commission by a crowdfunding service providers as well as the amount thereof,

(e) the documents and/or the information that the Commission accepts in an electronic form, for the purposes of application of this Directive.

PART II AUTHORISATION OF CROWDFUNDING SERVICE PROVIDERS

Procedure for
submitting an
application for the grant
of an authorisation as a
crowdfunding service
provider.

4. (1) For the purposes of article 12 paragraphs 1,2,3, and 4 of Regulation (EU) 2020/1503, the applicant submits to the Commission an authorisation application for the grant of an authorisation as a crowdfunding service provider, in accordance with form set in article 2 of Delegated Regulation (EU) 2022/2112, as this is made available on the website of the Commission.

(2) For the notification by the applicant of any changes in the information provided in the authorisation application, article 5 of Delegated Regulation (EU) 2022/2112 applies.

(3) The documents and data that accompany the application for authorisation, are submitted to the Commission in an official language of the Republic or in the English language and are originals or, where this is not possible, they are true copies of the originals. In case where the documents and data have been produced in a language other than an official language of the Republic or in the English language, true translations thereof should also be submitted into one of the accepted languages.

(4) In the context of assessing the completeness of the authorisation application, the Commission may request clarifications and/or data, documents and/or information, which in its discretion are necessary to evaluate the application as complete.

PART III NOTIFICATIONS

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| Interpretative provision. | 5. | For the purposes of this Part and without prejudice to the material changes occurring in the items of article 12 paragraph 2 items d), e), f), g), h), i), j), m), n), o), q), and/or r) of Regulation (EU) 2020/1503, any change in the items referred to in article 12 paragraph 2 items a), b), c), k), l), and/or p) and/or under article 12 paragraph 3 of Regulation (EU) 2020/1503, constitutes a material change. |
| Notification of a material change. | 6. | <p>A crowdfunding service provider who notifies to the Commission based on article 15 paragraph 3 of the Regulation (EU) 2020/1503 of –</p> <p>(i) any material change in the items referred to in article 12 paragraph 2 items a), b), c), k), l), and/or p) and/or in article 12 paragraph 3 of Regulation (EU) 2020/1503, as per paragraph 5,</p> <p>(ii) any material change arising in the items of article 12 paragraph 2 items d), e), f), g), h), i), j), m), n), o), q), and r) of Regulation (EU) 2020/1503,</p> <p>receives, prior its implementation, the prior assessment of the Commission on whether with the upcoming change, will continue to comply with Regulation (EU) 2020/1503.</p> |
| Notification of the provision of certain services permitted by Regulation (EU) 2020/1503. | 7. | <p>(1) A crowdfunding service provider notifies to the Commission of its intention to provide any of the following services, as well as of any possible material changes which will arise from their performance in items of article 12 paragraph 2 of Regulation (EU) 2020/1503 and receives, prior to their provision, the assessment of the Commission on whether with the proposed provision of those service, will continue to comply with Regulation (EU) 2020/1503:</p> <p>(a) provision of individual portfolio management of loans referred to in article 6 of Regulation 2020/1503,</p> <p>(b) use of special purpose vehicle referred to in article 3 paragraph 6 of Regulation (EU) 2020/1503,</p> <p>(c) establishment and operation of a contingency fund for the individual portfolio management of loans referred to in article 6 paragraphs 5 and 6 of Regulation (EU) 2020/1503,</p> <p>(d) provision of asset safekeeping services referred to in article 10 of Regulation (EU) 2020/1503,</p> <p>(e) provision of payment services referred to in article 10 of Regulation (EU) 2020/1503 by itself,</p> <p>(f) application of credit scores to crowdfunding projects on the crowdfunding platform that operates referred to in article 19 paragraph 6 of Regulation (EU) 2020/1503,</p> |

(g) proposal of pricing of crowdfunding offers on the crowdfunding platform that operates referred to in article 19 paragraph 6 of Regulation (EU) 2020/1503,

(h) operation of a bulletin board according to the provisions of article 25 of Regulation (EU) 2020/1503.

(2) Any suspension or termination of the provision of any service mentioned in subparagraph (1) by the crowdfunding service provider, is notified to the Commission without undue delay, together with any possible material changes that may arise in the items of article 12, paragraph 2 of Regulation (EU) 2020/1503, as a consequence of this event.

Notification of engaging in other activities.

8. (1) Without prejudice to the provisions of article 12 paragraph 13 of Regulation (EU) 2020/1503, a crowdfunding service provider who wishes to engage in activities other than those provided in the authorisation granted by the Commission and other than those mentioned in subparagraph (1) of paragraph 7, must first notify the Commission to assess, prior its participation, whether:

(a) with the proposed activities, it is ensured the smooth operation of the crowdfunding service provider and

(b) the participation in such activities it is not expected to be detrimental for the clients and/or to contribute to the non-smooth operation of the market.

(2) Irrespective of the requirement for submitting a notification, no assessment is required by the Commission for the undertaking of activities by a crowdfunding services provider, regulated under:

(a) the Electronic Money Law,

(b) the Investment Services and Activities and Regulated Markets Law,

(c) the Business of Credit Institutions Law,

81(l) of 2012
30(l) of 2018

87(l) of 2017
44(l) of 2020
78(l) of 2021
91(l) of 2021
159(l) of 2021
9(l) of 2022

66(l) of 1997
74(l) of 1999
94(l) of 2000
119(l) of 2003
4(l) of 2004
151(l) of 2004
231(l) of 2004
235(l) of 2004
20(l) of 2005
80(l) of 2008
100(l) of 2009
123(l) of 2009
27(l) of 2011
104(l) of 2011
107(l) of 2012
14(l) of 2013
87(l) of 2013
102(l) of 2013
141(l) of 2013
5(l) of 2015
26(l) of 2015
35(l) of 2015
71(l) of 2015
93(l) of 2015
109(l) of 2015
152(l) of 2015
168(l) of 2015

21(l) of 2016
5(l) of 2017
38(l) of 2017
169(l) of 2017
28(l) of 2018
89(l) of 2018
153(l) of 2018
80(l) of 2019
149(l) of 2019
21(l) of 2020
73(l) of 2020
28(l) of 2021
94(l) of 2021
95(l) of 2021
162(l) of 2021
163(l) of 2021
61(l) of 2022
62(l) of 2022

31(l) of 2018
32(l) of 2019
16(l) of 2022

(d) the Provision and Use of Payment Services and Access to Payment Systems Law.

PART IV CHARGES AND FEES

- Payable charges. 9. For the submission of applications and notification to the Commission within the application of Regulation (EU) 2020/1503, charges are payable as provided in Annex I of this Directive. Otherwise, the applications and notifications shall be considered as non-submitted to the Commission.
- Payable fees. 10. (1) A crowdfunding service provider pays an annual fee to the Commission, as provided in Annex II of this Directive.
- (2) In cases of granting or withdrawing the authorisation during the year, the annual fee is paid in proportion to the time-period for which the crowdfunding service provider hold the authorisation, a time-period which includes the month in which the authorisation was granted and the month in which the authorisation was withdrawn.
- (3) The annual fee is payable within four (4) months from the end of each financial year and in the case of withdrawal of authorisation, within two (2) months from the withdrawal date.
- Collection of charges and fees. 11. In case of failure to pay a charge or and a fee, the Commission may take judicial action for their collection, in which case the amount due is collected as a civil debt.

PART V FINAL PROVISIONS

- Submission of documents and information to the Commission. 12. The submission to the Commission of:
- (a) the application, the documents and/or information referred to in paragraph 4; and
- (b) the notifications referred to in paragraphs 5,6,7, and 8 and of the relevant documents and/or information,
- is accepted in printed form and/or electronic form.
- Entry into force. 13. The Directive applies from the day of its publication in the Official Gazette of the Republic.

ANNEX I

(paragraph 9)

Charges

	Application/Notification	Payable Charges
1.	Application for the grant of an authorisation as a crowdfunding service provider (paragraph 4(1) of this Directive, article 12 paragraphs 1, 2, and 3 of Regulation (EU) 2020/1503 and article 2 of Delegated Regulation (EU) 2022/2112).	A lump sum of two thousand (2.000) Euro per crowdfunding service referred to in article 2, paragraph 1, items a) i) and a) ii) of Regulation (EU) 2020/1503.
2.	Notification of change in the items submitted with the application for authorisation as a crowdfunding service provider (paragraph 4(2) of this Directive and article 5 of Delegated Regulation (EU) 2022/2112).	Two thousand (2.000) Euro for each change in a shareholder, holding 20% or more of the shared capital or voting rights. Two thousand (2.000) Euro for each change in a physical person responsible for managing the prospective crowdfunding service provider. Five hundred (500) Euro for every other change.
3.	Notification of a material change in the conditions for authorisation (paragraphs 5 and 6 of this Directive and article 15, paragraph 3 of Regulation (EU) 2020/1503).	Two thousand (2.000) Euro for each change in a physical person who is responsible for and/or involved in the management of the crowdfunding service provider . Two thousand (2.000) Euro for each change in a shareholder holding 20% or more of the shared capital or voting rights of the crowdfunding service provider. One thousand (1.000) Euro for each material change arising in the items of article 12, paragraph 2 items d), e), f), g), h), i), j), m), n), o), q), and r) of Regulation (EU) 2020/1503. Five hundred (500) euro for any change in relation to the items referred to in article 12, paragraph 1 items a), b), c) and p) of Regulation (EU) 2020/1503. In the case of notification of a number of material changes in the conditions for authorisation, stemming from the same event, the maximum amount paid for all material changes notified, does not exceed two thousand (2.000) Euro.
4.	Notification for the provision of certain services permitted by Regulation (EU) 2020/1503 (paragraph 7(1) of this Directive): i. provision of individual portfolio management of loans - only when combined with the provision or application for provision of crowdfunding service of article 2 paragraph a) i) of Regulation (EU) 202/1503 (article 6 of Regulation (EU) 2020/1503) ii. use of special purpose vehicles for the provision of crowdfunding services (article 3, paragraph 6 of Regulation (EU) 2020/1503). iii. establishment and operation of a contingency fund for the portfolio management of loans	A lump sum of five hundred (500) Euro per service, for services i-vi. A lump sum of two hundred and fifty (250) Euro per service, for services vii and viii.

	<p>(article 6, paragraphs 5 and 6 of Regulation (EU) 2020/1503).</p> <p>iv. application of credit scores to crowdfunding projects (article 19, paragraph 6 of Regulation (EU) 2020/1503).</p> <p>v. proposal of pricing of crowdfunding offers on the crowdfunding platform that the Crowdfunding Service Provider operates (article 19, paragraph 6 of Regulation (EU) 2020/1503).</p> <p>vi. operation of a bulletin board (article 25 of Regulation (EU) 2020/1503).</p> <p>vii. provision of asset safekeeping services (article 10 of Regulation (EU) 2020/1503).</p> <p>viii. provision of payment services (article 10 of Regulation (EU) 2020/1503).</p>	
5.	Notification for engaging in activities other than those provided in the authorisation and than those permitted by Regulation (EU) 2020/1503 (paragraph 8(1) of this Directive and article 12, paragraph 13 of Regulation (EU) 2020/1503).	A single lump sum of one thousand (1.000) Euro per extra activity.
6.	Application for extension of the authorisation to additional crowdfunding services not foreseen at the time of the authorisation (article 13, paragraph 2 of Regulation (EU) 2020/1503).	A single lump sum of two thousand (2.000) Euro per crowdfunding service, referred to in article 2, paragraph 1, items a) i) and a) ii) of Regulation (EU) 2020/1503.

**ANNEX II
(paragraph 10)**

Annual Fees

A crowdfunding service provider shall pay to the Commission annual fee which shall be the sum of points (a) and (b) as follows:

- (a) A fixed fee of five thousand (5.000) Euro, and
- (b) Accumulated increment according to the product of the turnover of the crowdfunding service provider, provided that the turnover is equal or greater than two hundred fifty thousand (250.000) Euro, by the respective scale, as defined below:
 - (i) Four hundred (400) Euro for turnover between two hundred fifty thousand (250.000) Euro and four hundred ninety-nine thousand (499.000) Euro,
 - (ii) Three hundred (300) Euro for each extra tranche of two hundred fifty thousand (250.000) Euro in turnover.

The calculation of the accumulated increment provided for in point (b) above, is performed on the basis of the annual audited financial statements of the crowdfunding service provider of the previous year.