

# Country Crowdfunding Factsheet

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Sweden

Date: June 2018



EUROPEAN  
CROWDFUNDING  
NETWORK



## European Crowdfunding Network

The European Crowdfunding Network AISBL (ECN) is the professional network promoting adequate transparency, (self) regulation and governance while offering a combined voice in policy discussion and public opinion building, incorporated as an international not-for-profit organization in Brussels, Czech Republic.

We support our members in carrying initiatives aimed at innovating, representing, promoting and protecting the European crowdfunding industry. We aim to increase the understanding of the key roles that crowdfunding can play in supporting entrepreneurship of all types and its role in funding the creation and protection jobs, the enrichment of European society, culture and economy, and the protection of our environment.

In that capacity we help developing professional standards, providing industry research, as well as, professional networking opportunities in order to facilitate interaction between our members and key industry participants. On behalf of our members, the ECN will maintain a dialogue with public institutions and stakeholders as well as the media at European, international and national levels.



This document has been extracted from Annex II of the study " Identifying market and regulatory obstacles to crossborder development of crowdfunding in the EU", published in November 2017 and funded by the European Commission (DG FISMA).

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## Sweden

### Overview

Sweden's alternative finance market is dominated by seven local platforms. They offer a wide range of business models and nearly all types of Crowdfunding models.

#### A. Role of alternative finance

##### Market size

According to the 2nd European Alternative Finance Industry Report, Sweden raised EUR 13m through alternative financing in 2015. Between 2014 and 2015, a major platform based in Sweden went bankrupt. This led for the total alternative finance volume for 2014-15 in Nordic countries to fall by almost a fifth in that year, but it still remained well above the 2013 figure of EUR 94m.<sup>1</sup>

##### Trend

The overall market volume of the Nordic countries is expected to grow for 2016, with a number of new platforms and increased competition, after a drop of 19% in 2015 compared to the previous year.<sup>2</sup>

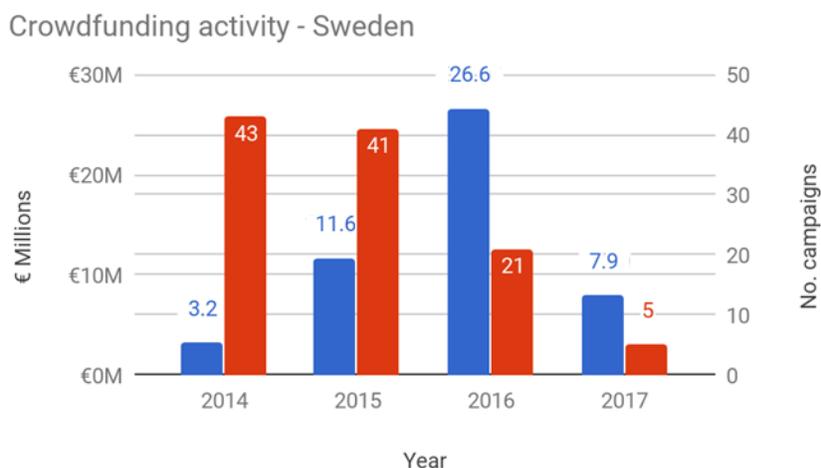


Figure: Crowdfunding activity in Sweden from 2014 to 2017, Source: TAB

<sup>1</sup> According to desk research of European Crowdfunding Network, referencing the state of the market in 2016, ([link](#))

<sup>2</sup> Osborne Clarke Germany (2016): Review of Crowdfunding Regulation & Market Developments. In: CrowdFundRES - Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects. Deliverable 3.1 (PU) ([link](#))

## Total Crowdfunding Platforms

There are currently between 10-15 active Crowdfunding Platforms in Sweden.

Some Platforms include:

- FundedByMe.com (equity-based + P2P consumer lending) was launched in 2011.
- Toborrow.se (P2P lending) started in 2013 and is available for C2B as well as B2B.
- Crowdculture.se, Takespace.se and Agreatday.tv is a donation based platform. Agreatday has recently removed the rewards-based part and operates only using donations.
- Tessin.se (2014) is a real estate Crowdfunding Platform.
- Trustbuddy.se (P2P lending) filed for bankruptcy in 2015.

## Crowdfunding models

Equity-based Crowdfunding	EUR 6.5m in 2015.
Lending-based Crowdfunding	Peer-to-Peer Consumer Lending raised EUR 2.0m in 2015.
Other	EUR 0.2m of Community Shares in 2015.

## B. Regulatory context

Country	Sweden
<b>Summary</b>	
<b>Current/planned Crowdfunding regulation</b>	
<b>General regulation</b>	<p>The government will investigate regulatory issues related with Crowdfunding (Dir. 2016:70):</p> <ul style="list-style-type: none"> <li>• outline the market for platforms used in Crowdfunding,</li> <li>• clarify the role, function, status, and incentive structure of the platforms from a commercial law perspective, especially with regard to lending-based Crowdfunding,</li> <li>• analyse which rules apply to equity-based and loan-based Crowdfunding and if these are appropriate,</li> <li>• analyse how Crowdfunding of private limited companies relates to the spreading and advertisement prohibition in the Companies Act and clarify if there is any obstacle that prevents private limited companies that wish to use Crowdfunding from becoming public,</li> <li>• propose legislative amendments necessary to promote Crowdfunding and strengthen legal protection for investors and other involved parties,</li> <li>• analyse whether the scope of current commercial legislation can be amended or, if a new regulation for Crowdfunding should be adopted, and, if necessary, elaborate the necessary legislative proposals, and</li> <li>• analyse the need for sanctions and, if necessary, submit legislative proposals that also include sanctions</li> </ul>
<b>MiFID and Prospectus requirement</b>	<p><b>MiFID-licence</b></p> <ul style="list-style-type: none"> <li>• Transferable securities are defined in the Securities Market Act as securities, with the exception of instruments of payment, which are traded on the capital market, such as: <ul style="list-style-type: none"> <li>• shares in companies and comparable ownership rights in other types of undertakings, and depositary receipts in respect of shares;</li> <li>• bonds and other forms of debt instruments, including depositary receipts in respect of such se-</li> </ul> </li> </ul>

	<p>curities; and</p> <ul style="list-style-type: none"> <li>• other securities granting the right to transfer or acquire such transferable securities as referred to in a and b, or giving rise to a cash settlement calculated based on prices of transferable securities, currencies, interest rates or yields, commodities or other indices or measures.</li> <li>• Securities held in both public and private limited liability companies that are not traded on the capital market fall outside the scope of the directive.</li> <li>• The capital market is defined as a securities market, meaning trading on the stock exchange or other organised marketplace.</li> </ul> <p>→ No MiFID licence required for equity-based Crowdfunding platforms</p> <p><b>Prospectus requirement</b></p> <ul style="list-style-type: none"> <li>• The Financial Instruments Trading Act contains provisions regarding the prospectus requirements for trade with transferrable securities.</li> <li>• The prospectus shall be prepared when transferable securities are offered to the general public or admitted for trading on a regulated marketplace.</li> <li>• Transferrable securities in the Financial Instruments Trading Act have the same definition as in the Securities Market Act.</li> </ul> <p>→ No prospectus required for equity-based Crowdfunding platforms</p>
<p><b>AIFMD regulation</b></p>	<ul style="list-style-type: none"> <li>• The Alternative Investment Fund Managers Act regulates licence and registration requirements for AIF and AIFMs as well as the supervision of funds and managers.</li> <li>• The business models of the current platforms do not fall within the stipulated definition of AIFs/AIFMs.</li> <li>• It is possible that future Crowdfunding Platforms will fall within the scope of the AIFMD.</li> </ul> <p>→ The AIFMD is not applicable to the current Crowdfunding Platforms.</p>
<p><b>Payment service regulation</b></p>	<p>The Lending-based Model is regulated under the following acts:</p> <p>If the platforms offer payment services or credit intermediation, the platform needs a licence or a registration under</p>

	<p>The Banking and Financing Business Act (2004:297), The Act regarding Certain Activities with Consumer Credit (2014:275) ("LVK"), and The Payment Services Act (2010:751).</p> <ul style="list-style-type: none"> <li>• If the platform's activities are not covered by any of the above acts, it may instead require registration under the Certain Financial Operations (Reporting Duty) Act (1996:1006).</li> </ul>
<b>Further possible Requirements</b>	<ul style="list-style-type: none"> <li>• The Companies Act (2005:551)</li> <li>• The Marketing Practices Act (2008:486)</li> <li>• Off-Premises Contract Act (2005:59)</li> <li>• Money Laundering and Terrorist Financing (Prevention) Act (2009:62),</li> <li>• Contracts Act (1915:218),</li> <li>• Tort Liability Act (1972:207),</li> <li>• Act concerning qualified electronic signatures (2000:832),</li> <li>• Consumer Contracts Act (1994:1512),</li> <li>• Consumer Sales Act (1990:932)</li> </ul>
<b>Regulatory barriers</b>	
<b>Inbound</b>	<p><b>Foreign Crowdfunding Platform addressing Swedish investors and companies</b></p> <p>The S-FSA applies a market-focused approach - Swedish regulatory law applies when the market is approached.</p> <p><i>PLATFORMS</i></p> <ul style="list-style-type: none"> <li>• <b>Licence obligations</b></li> </ul> <p>Equity-based: MiFID-licence not required since MiFID is not applicable to equity-based Crowdfunding platforms according to Swedish law.</p> <p>There is no requirement for a foreign Crowdfunding Platform to have an EU passport in order to approach and offer its equity-based Crowdfunding services on the Swedish market.</p> <p>Lending-based: A PSD-licence is required. Foreign platforms must have a EU-passport and report cross-board activity to the competent authority of the home state in which the company is authorised.</p> <p>Foreign Crowdfunding Platforms can be operated either through a branch, agent or entities to which the platform's activities have</p>

	<p>been outsourced.</p> <ul style="list-style-type: none"> <li>• <b>Other financial/compliance regulations</b></li> </ul> <p>Money Laundering and Terrorist Financing (Prevention) Act</p> <p>The provisions regarding basic due diligence measures and ongoing follow-up of business relationships do not apply to foreign platforms if they are domiciled within the EEA because the state has equivalent provisions regarding measures against money laundering.</p> <p><i>COMPANY/PROJECT</i></p> <ul style="list-style-type: none"> <li>• <b>Licence obligations</b></li> </ul> <p>No prospectus requirement for companies that offer non-transferrable securities.</p> <ul style="list-style-type: none"> <li>• <b>Other regulations</b></li> </ul> <p>The Companies Act is only applicable to Swedish limited liability companies. Foreign companies/projects will therefore not be affected by the spreading prohibition.</p> <p>Must comply with the information requirements under the Marketing Practices Act.</p> <p>Swedish anti-money laundering regulation is not applicable to EEA fund-seeking companies/projects – if not based in Sweden, they are covered by the anti-money laundering provisions in their home state.</p>
<p><b>Outbound</b></p>	<p><b>Swedish Crowdfunding Platform addressing foreign investors</b></p> <p><i>PLATFORMS</i></p> <ul style="list-style-type: none"> <li>• <b>Licence obligations</b></li> </ul> <p>Activities in an EEA country may, after notification to the S-FSA, be operated either by employing a representative or setting up a branch in that country or conducting other cross-border activities in the country.</p> <p>A company that is going to change any of the conditions specified in the company's notification to the S-FSA after the cross-border activity has been initiated must notify the S-FSA in writing before the change is made.</p> <ul style="list-style-type: none"> <li>• <b>Other regulations</b></li> </ul> <p>Anti-money laundering: platforms must comply with the Swedish anti-money laundry provisions in order to be compliant in other EEA countries.</p>

Impact of EU-regulation	
<b>MiFID and Prospectus regulations</b>	<ul style="list-style-type: none"> <li>• The different interpretations and implementations of certain elements in MiFID I and II have created quite a non-harmonised regulatory framework regarding licence requirements for Crowdfunding Platforms.</li> <li>• There are MiFID-licence and prospectus requirements in some countries but not in others.</li> </ul>
<b>PSD I/II</b>	<ul style="list-style-type: none"> <li>• High risk that Crowdfunding services will be considered Payment Service Providers (money remittance) if they receive and transferring funds between the parties.</li> <li>• Must use third party licenced Payment Service Providers.</li> <li>• PSD II will most likely lead to increased harmonisation.</li> </ul>

### C. Disclosures & safeguards

No professional industry association exists. To foster the professional and transparent development of the local market, it might be advisable for a national Crowdfunding association to establish a Code of Conduct with which platforms should be obliged to comply. Examples exist in a number of countries, such as the UK, France, Germany or the Netherlands. Alternatively, the open adoption of the European Crowdfunding Network Code of Conduct and its Charter of Crowdfunders' Rights by market players could help in markets without a critical mass of platforms.

Platforms themselves, to the extent that they can serve as marketplaces, have the potential to aid regulatory developments through early self-regulation and transparency. But this will require credible and enforceable quality and transparency standards as well as level playing fields. Any such initiative should aim to cover key performance indicators for the industry, conflict of interest rules and platforms remuneration. However, regulation will always play the main role in establishing and ensuring a functioning market with an adequate level of safeguards and disclosures.

### D. Support policies

#### Overview

Crowdfunding still has no legal definition in the Swedish regulations. Its regulation is covered by different pieces of legislation, which was created a long time before the FinTech age. In the recent publication on Crowdfunding by the Swedish Financial Authorities (Finansinspektionen) it was pointed out that, under certain circumstances,

it is not even clear which public authorities should supervise Crowdfunding activities.

Due to a lack of regulation of equity-based Crowdfunding for private limited liability companies on platforms without MiFID, obtaining a license is very complex. The type of Swedish Private Limited Liability Company called a Privat Aktiebolag is one of the most popular types of SME company for legal entities in Sweden. Privat AB companies cannot advertise their desire to sell shares to the public and cannot take in more than 200 new shareholders in one share issue.

For potential investors to view financial information, business plans or financial forecast of a Privat AB during an Equity-based Crowdfunding campaign on a Swedish platform without a MiFID license, the platform requires the user to become an “exclusive member” even when signing up through social media accounts. After logging in, the “exclusive member” has full access to the information provided by the company. The platform does not advertise any offerings from Privat AB companies, it provides information about the issue that the project seeks to fund. (Being informed about a share issue process is not considered advertisement.)

One platform, for example, blocks the share issue process once the 200-investor limit is reached. If the fundraising company (Privat AB) would like to continue to raise funding, its board has to decide to initiate a new share issue.<sup>3</sup>

## Market Supervision

Swedish Financial Authorities (Finansinspektionen).<sup>4</sup>

### E. Additional insights

#### Policy measures

Policy measures that should be initiated:

- Legislate any MiFID or prospectus requirements.
- Raise the limit for a prospectus to be required from EUR 2.5m to EUR 5m.
- Harmonise the Swedish Payment Services Act.

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<sup>3</sup> Expert opinion of Michal Gromek CrowdfundingHub - The Current State of Crowdfunding in Sweden ([link](#))

<sup>4</sup> Swedish Financial Authorities ([link](#))

## Others

Close cooperation is expected between Swedish Crowdfunding Platforms and banks in the next 18 months. Up to now, Swedish banks have expressed something of a “love-hate” relationship with platform operators. The banks in Sweden are aware of the changes caused by FinTech and Crowdfunding in particular, but have still decided not to follow other traditional financial institutions in the UK or the USA, which already cooperate with platforms and have done for many years.<sup>5</sup>

“In 2016, the Crowdfunding industry in Sweden should continue to grow in excess of the European average. Despite very impressive growth rates on paper, all the Swedish Crowdfunding Platforms combined will not generate more loans or provide more equity to Swedish companies in a year than a big Swedish bank pays out on loans during a business week” was the statement from one Swedish bank executive during a personal interview. The question that arises from this is how big does Crowdfunding have to be to partner-up with a Swedish bank?

Employees of Crowdfunding Platforms said that banks in Sweden use the “low-volume-argument” for delaying cooperation with Crowdfunding Platforms. The more pressing issue is the lack of transparent and proportionate legislation adapted to a digital industry. Even the Swedish Financial Authority states that who is responsible for supervision is unclear in Sweden, so it is hard to ensure that banks will take compliance risks.”<sup>6</sup>

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<sup>5</sup> Osborne Clarke Germany (2016): Review of Crowdfunding Regulation & Market Developments. In: CrowdFundRES - Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects. Deliverable 3.1 (PU) ([link](#))

<sup>6</sup> Expert opinion of Michal Gromek CrowdfundingHub - The Current State of Crowdfunding in Sweden ([link](#))

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