Country Crowdfunding Factsheet

Italy
Date: June 2018
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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Italy

Overview
The first Donation-based and Rewards-based Platform in Italy (*Produzioni dal Basso*) was launched in 2005. Despite its slow growth, the Crowdfunding market has had relevant impact. Crowd-investment (lending and equity) started in the last couple of years. Lending is heavily regulated and still intermediated by the platforms (lenders may not choose borrowers).

A. Role of alternative finance

Market size
An Italian Crowdfunding report indicates the overall volume of the Crowdfunding market in Italy to be around EUR 56m.\(^1\)

According to the 2nd European Alternative Finance Industry Report, 30 Italian platforms were surveyed and thus Italy ranks seventh in terms of total volume in 2015 (EUR 31.61m).\(^2\)

Trend
The whole market is growing. From 2014 to 2015, the volume increased sharply by 287%.

The aforementioned report from the Università Cattolica del Sacro Cuore, Milano, mentions:

- Number of platforms: + 68%
- Projects received: + 108%
- Campaigns: + 67%
- Total volume of funding: + 85%

The success rate decreased, from 37% to 30%, but this might be explained by several factors, including more competition amongst campaigns.

Lending-based Crowdfunding is expected to grow quickly, as two new platforms have just been licensed and more players seem willing to enter the market.

\(^1\) Università Cattolica del Sacro Cuore; TIM. Il Crowdfunding in Italia, Report 2015 (link)

Equity-based Crowdfunding is expected to take off, as two main bugs have just been fixed by the legislator and the regulator: the number of kinds of companies that can use Crowdfunding to raise finance has been enlarged, and platforms can now directly assess whether the investment envisaged is appropriate for the client, without bringing the client off-line at a broker-dealer.³

![Crowdfunding activity - Italy](image)

*Figure: Crowdfunding activity in Italy from 2014 to 2017*

*Source: TAB*

**Total Crowdfunding Platforms**

By the end of 2015, there were 82 platforms in Italy, of which 62 were already active on the market and 13 were about to be launched.⁴

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³ Expert opinion of Alessandro Lerro CrowdfundingHub – “The Current State of Crowdfunding in Italy” (link)
⁴ Università Cattolica del Sacro Cuore; TIM. Il Crowdfunding in Italia, Report 2015 (link)
A list of some of the local platforms:

- ProduzionalBasso.com (donation and rewards) was founded in 2005. It is one of the first platforms founded in Europe.

- DeRev.com (donation and rewards) is the main Italian Crowdfunding Platform. It was founded in 2013.

- Starteed.com (mixed model) was launched in 2012 as a platform combining donations, rewards and equity.

- Rete del Dono (2011) is a Donation-based platform for collecting online donations, to non-profit organisations in particular.

- Eppela is a Donation-based and Rewards-based Platform. It was founded in 2011.

### Crowdfunding models

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Equity-based Crowdfunding</td>
<td>The Italian Association of Equity Crowdfunding estimates a total of approximately EUR 5.5m raised.⁵</td>
</tr>
<tr>
<td>Lending-based Crowdfunding</td>
<td>Lending-based Crowdfunding is little slightly above EUR 42m.</td>
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<tr>
<td>Other</td>
<td>Invoice Trading (EUR 3.9m in 2015).⁶</td>
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## B. Regulatory context

<table>
<thead>
<tr>
<th>Country</th>
<th>Italy</th>
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<tbody>
<tr>
<td>Summary</td>
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### Recent developments in Crowdfunding regulation
- Law 33/2015: also allows innovative SMEs and investment funds to raise funds by means of online Crowdfunding Platforms.
- CONSOB decision no. 19520 dated 25 February 2016: verification of the suitability of the investment (MiFID assessment), increase of the number of those authorised to subscribe as professional investors and loss of licence if the platform does not start to operate within 6 months from the granting of the licence.
- Bank of Italy (resolution 584/2016): recognition of social lending activity (P2P and P2B).

### Current/planned Crowdfunding regulation
- Equity Crowdfunding is limited only to: (a) innovative start-ups; (b) innovative SMEs; (c) collective investment undertakings and investment companies which invest primarily in innovative start-ups and in innovative SMEs (Law 221/2012 and Law 33/2015).
- Crowdfunding activity has to be performed only by authorised entities (such as banks and investment companies) and by platform managers expressly authorised by CONSOB.

### Prospectus requirement
- Exemption from prospectus requirements for public offers of shares or of stocks of innovative start-ups and innovative SMEs must be made through an authorised Equity-based Crowdfunding Platform which does not exceed the overall amount of EUR 5m.

### AIFMD regulation
- Italian AIFMD regulation does not apply to Crowdfunding.

### Further possible requirements
- Italian Money Laundering law
- Italian Data Privacy law
- Consumer Code

### Regulatory barriers
<table>
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<tr>
<th>Inbound</th>
<th>Foreign Equity-based Crowdfunding Platform addressing investors in Italy</th>
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<tr>
<td></td>
<td>• In accordance with applicable Italian laws, foreign Equity-based Crowdfunding Platforms cannot directly operate in the Italian market without the prior obtainment of relevant authorisation by CONSOB, unless the platform is granted a MiFID EU licence which will allow the performance of the activity in Italy through the establishment of a local branch, or directly without any establishment of a local branch, or through an agent established in Italy.</td>
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<td></td>
<td>• (Such authorisation can be granted only if the relevant provisions of TUF and of the CONSOB regulation are respected.)</td>
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<td></td>
<td>• The abovementioned rules are also applicable with regard to foreign projects published on foreign Crowdfunding Platforms, due to the fact that such platforms are, as reported above, not allowed to direct their activity to Italian investors.</td>
</tr>
<tr>
<td></td>
<td>• In any case, companies that are willing to offer (even through a Crowdfunding Platform) have to comply with the relevant prospectus requirements (and/or with the relevant exemptions).</td>
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<td></td>
<td>• The same considerations apply in relation to foreign Equity-based Crowdfunding Platform addressing Italian Companies/Project Initiators.</td>
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<tr>
<td></td>
<td><strong>Foreign Lending-based Crowdfunding Platform addressing investors in Italy</strong></td>
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<tr>
<td></td>
<td>• According to the TUB, a Payment Institution (&quot;PSP&quot;) or an Electronic Money Issuer (&quot;EMI&quot;) authorised in a EU Member State is allowed to provide payment services in Italy:</td>
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<td></td>
<td>a) through the establishment of a local branch, in accordance with the right of freedom of establishment; or</td>
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<td></td>
<td>b) directly without any establishment of a local branch, in accordance with the right of freedom to provide services; or</td>
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<tr>
<td></td>
<td>c) through an agent established in Italy.</td>
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<tr>
<td></td>
<td>• In compliance with TUB, PSPs and EMIs are also entitled to provide payment services without any need of any further authorisation.</td>
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</table>
• Also foreign companies are allowed to publish a request for financing through a lending Crowdfunding Platform; in this respect they (as well as the Crowdfunding Platform operating in Italy) have to comply with the mandatory provisions of the Italian law regarding lending Crowdfunding and with regard to lending granted by consumers.

• The same considerations can be made in relation to foreign lending Crowdfunding Platforms addressing Italian companies/project to intermediate.

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<tr>
<th>Outbound</th>
<th>Italian Equity-based Crowdfunding Platform addressing foreign investors</th>
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<td></td>
<td>In accordance with Italian law, Italian Equity-based Crowdfunding Platforms that have obtained the relevant authorisation from CONSOB cannot directly perform their activity in other countries. Such activities, in fact, are not subject to the principle of mutual recognition.</td>
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<td></td>
<td>Italian companies are in theory allowed to publish a project on an EU Equity-based Crowdfunding Platform, in accordance with the relevant EU country’s applicable laws and regulations.</td>
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<tr>
<td></td>
<td>The same considerations apply in relation to Italian Equity-based Crowdfunding Platforms addressing foreign Companies/Project Initiators.</td>
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<th>Italian Lending-based Crowdfunding Platform addressing foreign investors</th>
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<tr>
<td>Pursuant to the applicable laws, a PSP or an EMI which is duly authorised in Italy is also allowed to provide payment services in any other EU Member State through (i) establishment of a local branch, in accordance with the right of freedom of establishment, or (ii) directly, without any establishment of a local branch, in accordance with the right of freedom to provide services, or (iii) through an agent established in such other Member State.</td>
</tr>
<tr>
<td>Italian companies are in theory allowed to publish a project on an EU Lending-based Crowdfunding Platform, in accordance with the relevant EU country’s applicable laws and regulations.</td>
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| Although nothing is said in the relevant regulation concerning the fact that the social lending activity is allowed in Italy only in compliance with the limits set forth by the Bank of Italy, such limitation may apply to Italian companies even in the case of a lending requested through a for-
<table>
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<th>Impact of EU regulation</th>
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<tr>
<td><strong>Prospectus regulations</strong></td>
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<tr>
<td><strong>Freedom to provide services</strong></td>
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<td><strong>PSD/PSD II</strong></td>
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C. Disclosures & safeguards

Fundraisers’ protection

No specific information is described in the new regulation regarding the protection of the project owner.

Code of Conduct

The CONSOB regulation provides specific rules of conduct, which consist of 7 articles.\(^7\)

D. Support policies

Market Supervision

Ministero dello Sviluppo Economico (Ministry for Economic Development)\(^8\)

CONSOB (Market Regulator)\(^9\)

Crowdfunding models

| Match funding initiatives | In November 2015, Milan’s City Council launched a match funding initiative in collaboration with the Crowdfunding Platform Eppela. The project will last for 18 months and, for each project on the platform that reaches 50% of its target, the municipality will provide funds that will cover the other 50% (up to a maximum amount of EUR 50,000). |
| Tax benefits | Individuals (e.g., business angels) investing in innovative start-ups are awarded a personal income tax reduction (IRPEF) up to 19% of the invested amount, with a maximum investment up to EUR 500,000; legal entities (e.g., Venture Capital Funds) are awarded a corporate income tax (IRES) reduction of 20% |

\(^7\) Articles 13-21, CONSOB Resolution no. 18592, 26 June 2013.

\(^8\) Ministero dello Sviluppo Economico (link)

\(^9\) CONSOB (Market Regulator) (link)
of the invested amount, with a maximum investment up to EUR 1.8m.\textsuperscript{10}

| Other support measures for fundraisers | Simplification of the Equity-based Crowdfunding regulation in place at the moment: verifications about the appropriateness of the investment with regard to the knowledge and the experience of the investor will be performed by the platform’s management staff (formerly only performed by banks). Further actions have been taken in order to simplify the procedures for raising capital, to reduce costs and to widen the range of individuals that can contribute to the financing of innovative projects.\textsuperscript{11} |

\textbf{E. Additional insights}

\textbf{Best practice initiatives}

\textit{Universitiamo} by UNIPV is an in-house Crowdfunding Platform established by the University of Pavia. The platform enables everyone to support research (medical, technological, social, etc.). It allows people to choose projects with transparency and result tracking. This is outstanding, because the University of Pavia is the first university in Italy, and one of the first in the world to open its own Crowdfunding Platform.

\textsuperscript{10} Portolano (\textit{link})

\textsuperscript{11} Expert opinion of Francesca Passeri, European Crowdfunding Network