Country Crowdfunding Factsheet
Portugal
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).

Contents
Portugal ........................................................................................................................................... 4
   Overview ....................................................................................................................................... 4
   A. Role of alternative finance ........................................................................................................ 4
   B. Regulatory context ..................................................................................................................... 5
   C. Disclosures & safeguards .......................................................................................................... 7
   D. Support policies ....................................................................................................................... 7
   E. Additional insights .................................................................................................................... 8
Portugal

Overview
In Portugal, Crowdfunding for Rewards-based projects started in 2011. It is one of the few countries which regulated Crowdfunding as early as 2015. The industry is expected to grow further once the concept of Crowdfunding is more accepted by the general public.

A. Role of alternative finance

Market size
There is limited data available on the Crowdfunding volumes. Comparing the alternative finance volume per capita with the GDP per capita, Portugal is below the best-fit line. This indicates the underdeveloped status of Crowdfunding compared to many other European countries.¹

Total Crowdfunding Platforms
There were 3 operating platforms in the country in 2016:²

- Ppl.com (reward-based), launched in 2011, the only platform providing reward-based Crowdfunding.

- Raize.pt started its activities as a P2P business lending platform in 2014.

- NovoBancoCrowdfunding.pt (donation) was launched in 2012 by Novo Banco Bank.

¹ Crowdfunding Poland (link)
² According to desk research of European Crowdfunding Network, referencing the state of the market in 2016, (link)
### B. Regulatory context

<table>
<thead>
<tr>
<th><strong>Country</strong></th>
<th><strong>Portugal</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary</strong></td>
<td></td>
</tr>
</tbody>
</table>
| **Recent developments in Crowdfunding regulation** | • Approval of specific legal regime applicable to Crowdfunding Platforms  
• Approval of specific regulation from CMVM that is not yet in force due to the lack of a sanctions regime |
| **Current Crowdfunding regulation** | |
| **General regulation** | • Crowdfunding Platforms operating under the Donation and Rewards Model (including pre-sales model) are subject to giving notice to the DGC prior to launching.  
• Crowdfunding Platforms in Portugal that offer services under Lending and Equity Models must be registered with the Securities Exchange Commission (CMVM) and be subject to supervision by this entity.  
• **License requirements** (two of the following financial requirements):  
  Minimum share capital of EUR 50,000.00 totally paid up at the incorporation date;  
  Civil liability insurance or any equivalent guarantee to cover liability arising from professional negligence, that covers a minimum amount of EUR 1,000,000.00/per casualty and, globally, EUR 1,500,000.00 for all the casualties occurred during one year;  
• **Investment Limits:**  
  EUR 3,000.00 per offer; and  
  EUR 10,000.00 of total Crowdfunding investment/per year  
These limits are not applicable to: (i) companies, (ii) to individuals with an income of EUR 70,000.00 or more or to qualified investors (according to article 30th of the Portuguese Securities Code).  
• Information requirements towards CMVM and towards the investors to enable an informed decision-making.  
• The Regulation also establishes a maximum limit for fund raising through Crowdfunding per each 12 months (by a single offer or by the total of offers within the European Union: EUR 1,000,000.00 (one million euros). |
| Prospectus requirement | • Description of the activity or product to be funded and the purpose of the funds to be raised;  
• Price of each unit to be subscribed or method to calculate such price;  
• Other information requirements to be established by Regulation of CMVM. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AIFMD regulation</td>
<td>• A start-up company such as those that typically benefit from Crowdfunding does not constitute an Alternative Investment Fund.</td>
</tr>
<tr>
<td>Payment service regulation</td>
<td>• For the purpose of making the investment, the regulation also requires the intervention of an entity duly authorised to provide payment services.</td>
</tr>
<tr>
<td>Further possible requirements</td>
<td>• Portuguese Money Laundering Regime</td>
</tr>
</tbody>
</table>

### Regulatory barriers

| Inbound | • Foreign Crowdfunding Platforms must comply with regulatory license, information and compliance requirements.  
• The Project company that intends to collect funds through a Crowdfunding Platform in Portugal must also comply with the legal regime, mainly the compliance and information requirement for investors’ protection. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Outbound</td>
<td>• Crowdfunding Platforms incorporated and governed by Portuguese law must comply with licence, compliance and information requirements of Portuguese Law and also with regulatory requirements of the investor’s jurisdiction.</td>
</tr>
</tbody>
</table>

### Impact of EU regulation

<table>
<thead>
<tr>
<th>Prospectus regulations</th>
<th>• Most Portuguese start-ups are &quot;sociedades por quotas&quot; whose shares are not securities, therefore the Portuguese Securities Code and its prospectus regulation shall not be applicable.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIFM Directive</td>
<td>• AIFM Directive has a small impact in Crowdfunding as the start-up companies that typically benefit from Crowdfunding do not constitute Alternative Investment Funds (it is a company or a project that seeks investment for its general activity through the Crowdfunding Platform).</td>
</tr>
<tr>
<td>MiFID/MiFID II</td>
<td>• The new Portuguese legal regime for Crowdfunding establishes an exception of Crowdfunding from most regulatory requirements as well as simplest requirements for a local</td>
</tr>
</tbody>
</table>
### PSD/PSD II

- The new legal framework for Crowdfunding does not prejudice the application and the supervision of Banco de Portugal whenever required.
- In fact, the Crowdfunding legal regime and its regulation establish the need for the intervention of an entity duly authorised to provide payment services for the purpose of making the investment.

### 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**

The Portuguese government classifies Crowdfunding as collaborative funding. Collaborative funding is a type of financing for entities, or their activities and projects, through an online platform where they carry out a fundraising campaign directed to individual investors.
The Portuguese government distinguishes the following forms of collaborative funding: collaborative financing through a donation, collaborative financing with an associated reward, collaborative equity financing and collaborative loan financing.³

**Market Supervision**

Crowdfunding in Portugal is monitored by the CMVM (Securities Market Commission).⁴ Every platform needs to be registered at the DGC (General Consumer Office).⁵

**E. Additional insights**

Cooperation with banks - NOVO BANCO launched a Donation-based Crowdfunding Platform in late 2012, which is still active today. Banks have demonstrated a modest interest in the alternative finance industry and have done little so far to either fight it or collaborate with it.⁶

---

³ Crowdfunding in sustainable innovation - Insights from and for Portugal. [link]

⁴ CMVM (Securities Market Commission) [link]

⁵ DGC (General Consumer Office) [link]

⁶ Expert opinion of Yoann Nesme in CrowdfundingHub - The Current State of Crowdfunding in Portugal [link]