Country Crowdfunding Factsheet

Spain
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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Spain

Overview
Among European countries, Spain ranks fifth in terms of total volume of the alternative financing market. The market is still young but continuously growing.

A. Role of alternative finance

Market size
The Spanish online alternative finance volume amounts to EUR 50m in 2015. This is the fifth largest amongst European countries in terms of volume. Whilst this is a sizeable volume, it should be noted that when adjusted for alternative finance per capita, Spain drops from 5th to 14th place at EUR 1.08 per person.\(^1\)

According to “Crowdfunding in Spain. Annual Report 2016”, in the last two years the total amount of money raised through Crowdfunding increased from EUR 52,268,920 in 2015 to EUR 113,592,388 in 2016, which represents a growth of 116.09%, a significant increase that places Spain among the top six countries in Europe for volume of revenues raised in Crowdfunding projects.

Over a broader timeframe, this growth is even more significant, as only four years earlier, in 2013, total revenue amounted to EUR 17,100,000, representing 564.3% growth between 2013 and 2016.\(^2\)

Trend
Spanish alternative finance platforms have grown at an average of 75% during the period 2013-15. In 2015, the Spanish online alternative finance volume grew by around 39% from EUR 36m in 2014 to EUR 50m in 2015.\(^3\)

Trends according to “Crowdfunding in Spain. Annual report 2016”:\(^4\)

- 2017 is expected to be a great year for Crowdfunding, in that the sum raised is predicted to exceed EUR 200m, according to the growth patterns observed over the last five years.
- The Code of Good Practice is being increasingly extended and consolidated among entrepreneurs, investors, and savers in Crowdfunding in Spain. This does not mean that the Crowdfunding sector is free of problems related to delinquency, scams, and non-compliance. Investment and lending platforms

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\(^2\) Ángel González, Javier Ramos: Crowdfunding in Spain. Annual report 2016 (link)

\(^3\) According to desk research of European Crowdfunding Network, referencing the state of the market in 2016, (link)

\(^4\) Crowdfunding in Spain: Annual Report, 2016 (link)
certified by the Comisión Nacional Mercado de Valores (National Stock Market Commission) offer the greatest guarantees against problems of delinquency and non-compliance.

- Despite the good data, Spain has very serious challenges to face in terms of growth and consolidation of Crowdfunding practices.
- In the last year, vertical platforms have appeared as a new form of participatory financing with great potential. Vertical platforms are those platforms that focus their activity on a sector or are very localised. They can be limited to projects in the music sector, comics, books, or even for SMEs or freelancers, such as the platform coavanza.com.

The closer the platform is to the community; the more options promoters will have to fund projects. The trend towards the generation of vertical, thematic, sectorial, and large-scale platforms is significant. Tools like Crowdants.com, a Spanish start-up that allows you to create your own platform in a few minutes, represent a new space for diversification and innovation in Crowdfunding.

![Crowdfunding activity in Spain from 2014 to 2017](image)

*Figure: Crowdfunding activity in Spain from 2014 to 2017, Source: TAB*
Total Crowdfunding Platforms

77 platforms were active during the first quarter of 2016.\textsuperscript{5}

The number of active platforms is in line with the process of diversification and professionalisation in Spanish Crowdfunding. In 2016, there were 48 active platforms, more than 2015 (43) and many more than 2013 (19).\textsuperscript{6}

Crowdfunding models

<table>
<thead>
<tr>
<th>Equity-based Crowdfunding</th>
<th>Equity-based Crowdfunding registered a significant decline in total volume from the previous year, decreasing by 49% from EUR 10.5m in 2014 to EUR 5.3m in 2015. Despite the year-on-year decrease, over a three-year period, Equity-based Crowdfunding created EUR 22m in total alternative finance volume for Spanish businesses and is the model ranked third over the three-year period. One possible reason for the decrease of this model in 2015 may be regulation that has forced existing firms to modify their operations or seek the additional permissions prescribed under new Crowdfunding laws.\textsuperscript{7}</th>
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<tbody>
<tr>
<td></td>
<td>Based on “Crowdfunding in Spain. Annual Report 2016”, equity-based Crowdfunding represents 14% of the volume of capital managed (money raised) in 2016.\textsuperscript{8}</td>
</tr>
</tbody>
</table>

\textsuperscript{5} According to desk research of European Crowdfunding Network, referencing the state of the market in 2016, (\textcolor{blue}{link})
\textsuperscript{6} Ángel González, Javier Ramos: Crowdfunding in Spain. Annual report 2016 (\textcolor{blue}{link})
\textsuperscript{8} Ángel González, Javier Ramos: Crowdfunding in Spain. Annual report 2016 (\textcolor{blue}{link})
| Lending-based Crowdfunding⁹ | Peer-to-Peer Business Lending (EUR 21.8m) and Peer-to-Peer Consumer Lending (EUR 0.5m) in 2015. Peer-to-Peer Business Lending was the prevailing model in Spain, accounting for EUR 38m in total volume between 2013-15, growing at an average of 222% per year between 2013-15. Starting from a relatively low base in 2013 (EUR 3m) the model grew by 384% between 2013-14, to EUR 14m in 2014. The model grew by an additional 59% between 2014-15, to EUR 22m. In 2015, this model accounted for roughly 44% of Spain’s total alternative finance volume. 
Based on “Crowdfunding in Spain. Annual Report 2016”, lending-based platforms (crowdlending) have the highest volume of capital managed (money raised), at 54%. |
| Other | Invoice Trading (EUR 7.0m) and Real Estate Crowdfunding (EUR 2.9m). Invoice Trading accounted for EUR 7m in alternative finance volume. This model saw the greatest year-on-year increase, growing at over 1000% from a very small EUR 630,000 in 2014. A continued growth of this model is anticipated through 2016.¹⁰ 

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¹⁰ Ibid.
## B. Regulatory context

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<th>Country</th>
<th>Spain</th>
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<tbody>
<tr>
<td>Summary</td>
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<tr>
<td>Recent developments in Crowdfunding regulation</td>
<td>• There are different investing models in Spain: Equity-based, Lending-based and Donations or Rewards-based models.&lt;br&gt; • Crowdfunding Platforms operating the Equity-based model and the Lending-based model are regulated for the first time under the Promotion of Corporate Finance Act 5/2015 of 27 April 2015.</td>
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<td>Current Crowdfunding regulation</td>
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<tr>
<td>General regulation</td>
<td>• CNMV authorisation required for Equity-based and Lending-based Models.&lt;br&gt; • Donations-based and Rewards-based Models are not subject to the LFFE and therefore, no licence is required.&lt;br&gt; • The LFFE points out the financial and general requirements for an entity to obtain authorisation as a Crowdfunding Platform.&lt;br&gt; • No exemptions from the authorisation requirement are provided by the LFFE.</td>
</tr>
<tr>
<td>Prospectus requirement</td>
<td>• The publication of a prospectus is not mandatory.&lt;br&gt; • Crowdfunding Platforms shall include background information for the client on their homepage.</td>
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<td>AIFMD- regulation</td>
<td>• Crowdfunding Platforms are not considered to be managers of AIFs.</td>
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<td>Payment service regulation</td>
<td>• If platforms wish to receive funds in order to pay on behalf of investors or promoters, authorisation from the Ministry for the Economy and Competitiveness is required.</td>
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<tr>
<td>Further possible requirements</td>
<td>• Consumer Contracting Loans or Mortgage and Brokerage Services for the Conclusion of Contracts of Loan or Credit Act.&lt;br&gt; • Consumer Credit Contracts Act.&lt;br&gt; • General Contracting Terms Act.&lt;br&gt; • Protection of Consumers and Users Act.</td>
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### Regulatory barriers

| Inbound | Spanish regulatory law is applicable to foreign Crowdfunding Platforms that announce, promote or attract clients or potential investors and promoters in Spain, and/or address its services specifically to investors and promoters residing in Spanish territory. |
| Outbound | Spanish regulatory law is not clear in respect of which is the regime applicable to a Spanish Crowdfunding Platform that enters EU markets and therefore addresses foreign investors.  
  However, since not only foreign investors are addressed but also Spanish promoters, a restrictive interpretation of Spanish regulatory law should be applied. Therefore, in this case, a Spanish Crowdfunding Platform could provide services in the Spanish territory as it approaches Spanish promoters; therefore, Spanish regulatory law is (likely) applicable. |

### Impact of EU regulation

| Prospectus regulations | Due to the fact that equity-based Crowdfunding regulated under the LFFE is based on the issue or subscription of bonds, ordinary and preferential shares or other securities representing the capital, when it does not require a prospectus in accordance with the LMV, these EU regulations have no impact on Crowdfunding in Spain. |
| AIFM Directive | Since Crowdfunding Platforms are not considered as managers of AIFs, the AIFM Directive and its implementation in Spanish law have no impact on Crowdfunding in Spain. |
| MiFID/MiFID II | Since the LFFE expressly prohibits Crowdfunding Platforms from exercising activities reserved to investment firms and credit institutions under the Securities Market Act (LMV), the provisions of MiFID and MiFID II have no impact on Crowdfunding in Spain. |
| PSD/PSD II | If platforms wish to receive funds in order to pay on behalf of investors or promoters, authorisation from the Ministry for the Economy and Competitiveness is required. |
C. Disclosures & safeguards

Fundraisers’ protection

Both funders and fundraisers are considered as customers. Platforms must provide information to fundraisers about their rights and obligations in a clear and easily accessible way. Platforms must provide clear information to promoters on how they receive and process the information provided by the promoters and the criteria for publication, which should be uniform and non-discriminatory.

D. Support policies

Overview

The Spanish regulator was one of the first to impose some level of legislation for alternative finance activities. In 2015, Spain saw a number of changes (both already implemented and proposed) with the goal of clarifying rules applicable to the various models, especially around investor protections and capital requirements at the alternative finance firm level. Despite continued cooperation and dialogue between Spanish firms and the regulator, only 17% viewed existing national regulation as ‘adequate or appropriate’, whilst 13% viewed it as ‘inadequate and too relaxed’. A resounding 43% of firms perceived existing national regulation as ‘too strict and excessive’ which is relatively high as compared to other countries in Europe.

Market Supervision

Ministerio de Economía y Competitividad; Comisión Nacional del Mercado de Valores (CNMV) as surveillance authority.

E. Additional insights

Best practice - Reinventando la prótesis

Platform used: Verkami

Description: The project was aimed at designing and producing a prosthetic hand through the use of a 3D printer. It was started by university students. They decided to finance their final BA project through Crowdfunding, linking it to the personal history of an armless man, interviewed in a promotional video for the initiative. The idea to transform this project in a sort of collective effort to help this man had a decisive influence on its positive outcome.

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11 Article 60 (Act 5/2015).
12 Ibid.
13 Ministerio de Economía y Competitividad (link)