



## The new Portuguese crowdfunding law

Under the new legal framework, crowdfunding platforms are subject to several reporting and information obligations and to rules aiming at preventing conflicts of interest.

Entities managing equity-based and lending-based crowdfunding platforms must register with the Portuguese Securities Commission.

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Portugal has enacted a new framework for crowdfunding. Law no. 102/2015, of 24 August 2015, regulates the crowdfunding activity, supervision, platforms, beneficiaries, investors as well as the relations between the relevant parties. The new law establishes four crowdfunding types: (i) donation-based, (ii) reward-based, (iii) equity-based and (iv) lending-based crowdfunding.

Entities managing crowdfunding platforms must guarantee access of investors to detailed information on the products made available in the platforms as well as confidentiality of the information received from investors. They must also comply with legal rules and regulations in respect of conflict of interests, particularly regarding directors and employees *vis-à-vis* the crowdfunding beneficiaries and cannot offer advice or recommendation in respect of investments in their own websites nor hold securities or manage investment funds.

Crowdfunding campaigns must set a fundraising amount and the timeframe to achieve it. If the amount is not achieved within the relevant timeframe, beneficiaries must refund any amounts received to investors. Amounts and timeframes may be changed only once and provided that such possibility was included in the initial campaign and that such information was disclosed to investors. In case there is a change in the campaign, investors may opt out of the project.

Legal relations established pursuant to crowdfunding operations are subject to legal provisions applicable to the relevant type of contract, including, but not limited to, rules on purchase and sale agreements and loan agreements, IP protection rules and banking and capital markets regulations.

Donation-based and reward-based crowdfunding platforms must be registered with the Consumer Directorate-General. The amount to be raised for these projects is capped at 10 times the global amount of the project.

Equity-based and lending-based crowdfunding platforms must register with the Portuguese Securities Commission (**CMVM**) and are subject to its supervision. Beneficiaries of such funding must provide the platform with financial information, information on tax and social security compliance and capital structure as well as information on the projects to be financed, including risks, with a view to ensure that investors make an informed decision on the investment.

Legislation establishing sanctions applicable to the infringement of the new crowdfunding rules is yet to be passed.

The new rules on donation-based and reward-based crowdfunding enter into force on 1 October 2015. Equity-based and lending-based crowdfunding rules will enter into force once CMVM enacts a regulation detailing certain aspects such as, among others, registration requirements, character requirements of the directors of the platform, caps for raised amount and project information requirements, which should take place within 90 days.

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