

Most of you have seen my try-out. Welcome back.

The title of this session is '*Growth and perspectives of crowdfunding*'. It is growing and will continue to grow. Hence with new perspectives.

As I stated earlier this morning. We believe in crowdfunding as sustainable element in our financial ecosystem. However, we believe in regulation, appropriate regulation, as well.

The subtitle could be misinterpreted easily. We, as regulator are not responsible for growth and perspectives in any sector. That task is up to you, to the crowdfunding sector. To organize yourselves with appropriate risk mitigation techniques.

Risk itself is good. It is the basis for the functioning of capital markets. Risks and rewards go hand in hand. But those subjected to risk must be able to absorb the risk if things go wrong and expectations are not achieved.

As you know, a regulator can wrap you with red tape as we wish. I will not ruin your memorable day. We will not do so.

Today, we heard the clear call from the sector that the regular rules that apply to the financial sector, with capital requirements and the like, are not fit for purpose in this developing market. And we listen to that call.

Even better: we cannot simply unwind our red tape according to our mission. We need to see to it that markets function effectively, investors are protected and the future sustainable wellbeing of our citizens is taken care of

Hence, we like to contribute to a sustainable financial sector, including the crowdfunding sector.

In this phase of development, a tailor-made regulatory regime will fit and I am confident that in this pilot phase we will learn from experience how this would work.

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AFM is responsible for supervising the financial sector from a conduct of business angle. The financial sector is large, hence we cover a broad scope. Furthermore, many different elements are touched upon from many different angles.

The main message is that we approach the crowdfunding sector from the angle of capital markets and not consumer protection only. In doing so, we anticipate growth and perspectives like the development of secondary markets.

We have a long history in looking at those markets. We learn from the crowdfunding sector as well. It is a challenge. But we like to pick up the gauntlet together with the sector such that regulation will not be too high a hurdle for the crowdfunding sector.

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A new industry comes with **risks and challenges**. That's not only a fact of life within the financial industry but also – for example – in IT and Retail. The rules we apply today, will not necessarily be the optimum rules for tomorrow. We live in an era of constant change.

We, the regulator and the sector as whole, need to believe in a successful crowdfunding sector. To believe is to achieve, I said earlier today. The quicker this type of innovation is adapted within the financial sector, the easier and faster crowdfunding will become a professional part of the financial ecosystem.

EU Commissioner Jonathan Hill said: 'our focus is on promoting best practices, appropriate investor protection and consistency of national regimes'. I couldn't agree more.

In order to make crowdfunding grow quickly but sustainable and in order to let it become a solid part of financing SMEs, it is important to keep some key elements in mind.

On top of the regulators mind is the absolute need for transparency. Transparency on information, on the business model, on the collateral needed, on defaults. Transparency in an understandable way. Understandable for any investor, professional or retail.

Crowdfunding will become part of the financing ecosystem, partly because banks will let crowdfunding platforms take a share of smaller loans. There will be more and more co-financing, which enables entrepreneurs to start a dream and to start a business.

One of the reasons why crowdfunding is a valuable addition for the financial sector, is because of the way crowdfunding platforms analyses the entrepreneurs with an idea.

Crowdfunding uses more and other variables in order to assess if a project or entrepreneur can raise funds via the platform. This assessment goes beyond the classic variable of financing, results from the past and reputation. But off course because start-ups aren't able to provide historical data, that's inherent in being a start-up.

Crowdfunding enables investors - both retail and institutional - to diversify their portfolios in their search for yield. A true investing climate needs to have the possibility to trade investments on secondary markets. Investors need to be able to exit an investment once needed or wished for. Therefore it is important to make crowdfunding tradable on secondary markets.

That wish or that need comes with some difficulties. To name one which directly catches the eye: the minimum capital requirement applicable for a Multilateral Trading Facility is €730.000. For a single platform a lot of money, but it might be do-able if platforms join efforts. We understand the challenge.

Recently, we have seen that two Dutch banks started a collaboration with crowdfunding platforms. That is positive development, it helps to professionalize the sector and will result in synergy benefits: the experience from the settled industry combined with the young, creative and dynamic platforms. Potentially a win-win situation.

Currently there is no level-playing-field in the tax treatment of loans versus equity. Interests paid are deductible for company tax, but dividends paid are not. In my view we need to reflect on the consequences of the current policy if we want to change the status quo with dominant bank based finance.

Also if we want the market based financing and equity based crowdfunding to level the loan based funding. Start-ups often have a limited cash flow to pay interest. So there is valid economic reasoning. I understand that this would be a substantial change in how we approach the fiscal treatment of loans and that it is on the drawing board in The Hague and Brussels.

Big challenges start with small steps. The innovationbox is a fiscal incentive that aims to help to develop start-ups. A suggestion might be to test the waters here. As the crowdfunding market is still relative small, we could try to learn whether level fiscal treatment would make equity based financing more attractive.

Once we treat the different types of crowdfunding in the same fiscal way, it will become more and more attractive to raise funds and invest in crowdfunding. It will limit the collective exposure to loans, limit leverage and make our economy less dependent on the rules that apply in order to keep the banking sector healthy and sound.

All of this will stay an oasis. A bit like a journey to Mars; far away but close enough to get a smell of it. That is if the regulator does not act in a predictable and clear way. Therefore we

will keep on discussing the developments on a regular basis with the sector and her stakeholders.

I'm sounding like a classic supervisor, I know. A bit less classic is this thought: crowdfunding is fun to invest in and it is fun to raise your funds via these alternative platforms, so please let's join forces and make this happen!

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In order to achieve the goal I just set, **three elements** are worthwhile to extend and explain a bit more: transparency, the need for a sustainable business model and the regulation part. It is also important to be aware of the risks of quick growth without the necessary risk mitigation techniques in place.

The AFM is aware that issues with individual platforms may damage the trust in the crowdfunding sector. Therefore it is actually very important to keep on supervising the platforms that are getting started and the ones that are a bit more settled. Because: settled or not, it still remains a sector that needs to professionalize. We can assist in achieving that. In this case assistance means **supervision**. Our primary tool as a regulator.

The way **investors are protected** is another key element in a trustworthy sector. The crisis left some deep scratches. It still hurts. Trust is hard to gain but easy to lose. That is why we invested, together with the sector, in some additional prescriptions such as the investor test.

As said, **transparency** is key. For example, an inaccurate risk classification could lead to unreliable risk profiles that leads to disappointment and will in the end lead to lower investments in crowdfunding. The same wording could be used for transparency in relation to defaults. Trading in equity is based on historical data, once there is some form of historic content, it is important to share that with future investors.

All these risks need to be addressed and need to be handled with care and attention. By the platforms in the first place. We believe in their own responsibility. Too strict regulatory supervision leaves no room for platform responsibility and therefore no room for growth. This we must prevent.

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I would like to take a bit more of your time to zoom into **transparency** a bit more, just because it is so important.

Platforms need to be transparent with regard to their risk classification processes and it is the responsibility of the platform to comply. It is not reasonable and realistic to ask for one uniform classification process. The sector is simply too diversified. What we do ask is that platforms make it perfectly clear which criteria are used in this process. In that way investors at least know on which basis a project is rated.

Furthermore, transparency with regard to defaults is key. It will help the sector grow smoothly and quick, with less disappointing investments, investors and entrepreneurs. The sector itself should define what a default means, preferably by acting in a similar way, such that crowdfunding becomes more and more reliable.

All the provided information should be presented in a correct way. That means that misleading the crowd is of no good. It will harm the sector and the growth. Platforms are, of course, permitted to invest in some strong marketing campaigns. But always keep in mind that advertising and acquisition should be used to inform or to inspire, not to persuade. This is important, because growth comes with the little brother of opportunism. The way platforms present themselves is key for the sector as a whole.

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Sustainability is another topic that deserves to be highlighted.

A sustainable business model which ensures investors and credit enquirers the enduring commitment of the platform, is a prerequisite for solid growth of the sector as a whole. Sustainability could mean a lot, but eventually it aims to make sure that if I speak in 2026 during the crowdfunding week, crowdfunding is a solid part of the financial ecosystem.

We've seen banks and big financial institutions going down. It is better not to be too big to fail. However, platforms, entrepreneurs, start-ups: they all need to have a solid exit strategy in case of financial distress. To start with at least a coverage of the operational risk.

Collateral could provide better protection for investors and trust in the sector. If I would rule the world, platforms and entrepreneurs should provide the same collateral as banks need to. Collateral is important. Either way platforms should play a role in the verification and depository process.

Good reputation is crucial, it is a license to operate. Keep that in mind and always act open.

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To conclude, my own profession: **regulation, supervising and thinking of legislation.** The supervision of the AFM grows with the crowdfunding sector. Light when starting. Of a medium intensity when growing. And in line with the financial sector, once it matures and has become a true part of it. And always clear, sound and predictable. In order to act in this way, we ask the sector to take ownership and full responsibility of the crowdfunding dream we share.

We aim to have a cross-border mindset. That is actually very important because our little country might be too small for big ideas. That cross-border mindset results in participating in international working groups on crowdfunding and staying in close connection with all our – international – stakeholders.

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To conclude, an overview of the provisions we put in place since April this year for those platforms with an exemption. We have introduced these in close cooperation with the sector. We will evaluate the measures next year. I am confident we achieved a reasonable approach.

An last, but not least. I started with: crowdFunding is fun, Funding via crowdFunding is fun. Let's keep it that way, join forces and remain compliant, in each stage of maturity.

Thank you for your attention. I am happy to take any questions and reflect further on the thesis in my presentation.

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