

Can SMEs look for funds via crowdfunding?

Participatory funding platforms, also known as crowdfunding are a new mechanism of financial disintermediation developed thanks to new technologies. Although this phenomenon can have different appearances -it can either consist in donations or investments- it usually has a financial component, which means that funding contributors expect to receive a profit in return.

Thus, crowdfunding platforms -through websites or other electronic means- bring project promoters seeking funds into contact with investors or fund providers looking for profit. Project promoters can be either natural or legal persons depending on each case or project, as long as they search funding on their own behalf.

Two characteristics of this activity should be pointed out: on one hand the participation of investors who finance high-potential projects; on the other, the risks of these kind of investments.

Spanish legislation currently regulates crowdfunding platforms with a financial component (see *Título V in Ley 5/2015, de 27 de abril, de fomento de la financiación empresarial*) in order to promote this activity at the same time as ensuring investors an appropriate level of protection. These platforms must have the National Securities Market Commission (CNMV) authorisation and be registered in the corresponding register to be able to carry out their activity.