

Adoption and review of national governance on equity crowdfunding in Italy

Title of the governance practice: The evaluation cycle undertaken by CONSOB regarding the adoption and review of national governance on equity crowdfunding

Summary of the governance practice

The Securities and Exchange Commission in Italy (CONSOB) practiced the evaluation cycle by introducing regulation on equity crowdfunding. The process featured a mapping of burdens of implementing the regulation for various stakeholders as well as a qualitative analysis of the costs benefits analysis.

The report on Regulatory Impact Analysis activity published with the adaptation of the regulation in 2013, mentions the expected consequences of the regulation for different types of stakeholders. The report also contains a Regulatory Impact Assessment, which assesses whether the objectives intended by legislators are actually achieved, estimates the costs and benefits, and contains a set of indicators for the ex-post cost and benefits analysis of the regulation. After the regulation took effect, CONSOB began monitoring based on data gathered for the quantification of the indicators and on the outcome of consultation procedures.

Short description of the governance practice

In Italy, the provisions on equity crowdfunding are regulated through Decree no. 179/2012. The objective was to develop an alternative funding channel for start-ups, to counter the dwindling supply of bank loans during the financial crisis. The decree established special provisions for the managers of equity crowdfunding portals, delegating the regulation of certain statutory aspects, such as investor relations and rules of conduct, to CONSOB (Commissione Nazionale per le Società e la Borsa / Securities and Exchange Commission).

Drawing on its legislative mandate, CONSOB adopted Regulation no. 18592/2013. This was published concurrently with the Report on Regulatory Impact Analysis activity, which laid out the issues requiring intervention at a regulatory level, along with the legislative tools used to achieve the objectives identified. The final regulatory options were presented along with an explanation of the amendments made based on the issues raised during the consultation phase. The report also looks into the regulation's expected consequences for various recipients (portal managers, investors and start-ups), and maps the administrative burdens for these different groups. The document finishes off with a section on the subsequent Regulatory Impact Assessment, and includes a set of indicators deemed useful for an ex post assessment of the costs and benefits of the new regulation.

Achievement/Outcome of the governance practice

As a result of this evaluation, CONSOB defined an alternative intervention option. This alternative consists of strengthening protections to create a trustworthy environment for investors and minimise the burdens of all stakeholders involved. These stakeholders are capable of maximizing the cost/benefit ratio, encouraging informed investment and fostering the provision of high standards of service by portals. The regulation's revised expected costs and benefits were shown in a subsequent consultation.