

**FINANCEESTONIA
REPORT FORM FOR
BEST PRACTICE FOR CROWDFUNDING**

FinanceEstonia and Law Firm Deloitte Legal Estonia have created the Best Practice for the crowdfunding industry (hereinafter **the Best Practice**) in order to provide a code of conduct for all the internet-based crowdfunding platforms (hereinafter **the crowdfunding platforms**) in Estonia that have joined this Best Practice. Compliance with the Best Practice does not exempt a crowdfunding platform provider from following the requirements provided by law.

The Best Practice operates based on the principle of „comply or explain“, which means that a crowdfunding platform provider must notify the public on its website of whether or not the Best Practice principles are being complied with. In the case where a crowdfunding platform provider that has joined the Best Practice does not follow a principle provided for in the Best Practice, the platform provider must explain on its website which principles are not being followed and why.

The data on this form must be provided according to the type of crowdfunding (investment based and loan based models must be distinguished).

1. **Type of crowdfunding platform** (loan based, investment based, etc.)

2. **Results of the crowdfunding platform provider's economic activities**

3. **Field, sector of investment objects** (general, IT sector, real estate, etc.; if possible, the relationship between different sectors)

4. **The total number of investment objects (investment campaigns) in the calendar year and the number of successfully completed investment campaigns out of these, as well as the size of the average investment object in the calendar year**

5. Sums of money raised during successful investment campaigns in a calendar year for each investment object, the size of the smallest and biggest successfully completed campaign

6. The number of investors per each successfully completed investment campaign

7. Expected and actual return on successfully completed investment campaigns (comparison of forecasts and actual results)

8. Depositing investors' funds (Section 1 of the Best Practice)

9. Processing and security of data (Section 2 of the Best Practice)

10. Due diligence measures of money laundering prevention and the implementation of international sanctions (Section 3 of the Best Practice)

11. Communication and the quality of information (Section 4 of the Best Practice)

12. Risk warnings (Section 5 of the Best Practice)

13. Consumer protection and advertising (Section 6 of the Best Practice)

14. Avoiding conflicts of interests and the remuneration system (Section 7 of the Best Practice)

15. Sustainability of the activities (Section 8 of the Best Practice)

16. Reporting (Section 9 of the Best Practice)

Within two (2) calendar months following the end of each calendar year, the crowdfunding platform provider is obligated to make available on its website an overview of the results of the platform provider's economic activities over the previous calendar year, as well as information on the campaigns conducted during the same calendar year, the forecasts published regarding the investment objects and the comparison of such promises with actual results, including the promised and actual returns on investments.

17. Dispute resolution (Section 10 of the Best Practice)

Questions:

Merit Lind (*Cambridge, LL.M*) – Attorney-at-Law, Head of Law Firm Deloitte Legal
Head of the crowdfunding expert group of FinanceEstonia
Law Firm Deloitte Legal
Roosikrantsi 2, 10119 Tallinn, Estonia
Phone: +372 6406525 | Fax: +372 640 6503
melind@deloitteCE.com | www.deloitte.com

Contacts of FinanceEstonia:

Anu Mürsepp
FinanceEstonia, CEO
Phone: +372 50 11107
anu.muursepp@finaneeestonia.eu
<http://www.financeestonia.eu>

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