



الهيئة المغربية لسوق الرساميل
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AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

Crowdfunding facility in Morocco

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Implementing Crowdfunding?

MARKET ASSESSMENT

- ❖ Crowdfunding is a financial innovation that makes it possible to finance projects by mobilizing savings from individuals via web platforms;
- ❖ It is an ancient practice, based on community, trust and solidarity, using modern technology (platforms, social networks, etc.);
- ❖ A response (total or complementary) to financing needs that are not being met by traditional financing channels (banking sector, financial market and private equity).

- 01 VSEs and SMEs: a **segment not covered** by traditional financing operators
- 02 Reactivity and speed of execution / **Digital processes**
- 03 Simplicity: an **agile** financing tool
- 04 A wider range of investors: solicit **a large number of contributors**, each contributing a small sum.
- 05 Visibility: companies also benefit from crowdfunding campaigns to raise their **visibility**.
- 06 Test your market: collaborative financing allows you to get feedback from customers and **test your market**.

Crowdfunding challenges

- ↓ Introduce the crowdfunding among the other existing forms of financing;
- ↓ Establish an appropriate balance between the imperative of regulation (investor protection) and preserving the essence of crowdfunding (agility, flexibility, risk);
- ↓ Building a collaborative finance ecosystem.

Overview of Moroccan regulation

CROWDFUNDING: A public fundraising operation carried out by a crowdfunding company, which brings together the promoters of specific projects and people wishing to finance them, by means of a an electronic platform, created and managed for this purpose by the said company.

- **Projects eligible for crowdfunding:** Any initiative, whether profit-making or not, which takes the form of a predefined project, in terms of purpose, timetable and amount, carried out by a person or group of persons seeking.
- **Project sponsors:** Any individual or group of individuals or legal entities submitting a project for crowdfunding on a Crowdfunding platform.
- **Fundraising limits per project** (set by regulation):
 - **Investment** : MAD 5 million
 - **Lending opérations** : MAD 3 million
 - **Donation** : MAD 450 000

Overview of Moroccan regulation

Contributors

1. Any individual or legal entity, resident or non-resident;
2. *Business angel investor*: an individual who has sufficient expertise, experience or professional qualifications in the fields of finance and investment, who has financial resources and who belongs to a network of business angels previously declared to the Ministry of Finance.

Exclusions

Cannot be funded via a crowdfunding platform :

- i. Issuers;
- ii. Companies in judicial redress or liquidation;
- iii. Any other person included in a list established by regulation : Political parties / Banks / Insurance companies / Companies whose capital is not fully paid up

Contribution limits / project

- **Investment** : MAD 500 000
- **Lending opérations** : MAD 300 000
- **Donation** : MAD 250 000

- **Cumulative for the year**: MAD 1 million

Business angels can contribute without any limit.

Not eligible for collaborative funding :

Some operations, listed by regulation such as Real estate development and Political or religious activities

Overview of Moroccan regulation

Crowdfunding companies

→ The crowdfunding activity is subject to prior authorization

The Central Bank for donations and lending operations

AMMC for investment activities.

Basic requirements for approval

- Public limited company or limited liability company
- Headquarters in Morocco
- Capital minimum
- Technical, human and financial resources
- Honorability and skills of managers ...

BTW, Crowdfunding companies are obligated to comply with the legal requirements regarding anti-money laundering measures, in particular the obligations to provide information and to exercise due diligence.

Overview of Moroccan regulation

Main activities of the crowdfunding company:

- Technical management of the crowdfunding platform;
- Bringing together project promoters and contributors;
- Ensuring and organizing the project selection process;
- Publish project presentation notes on the platform;
- Drawing up and submitting collaborative funding contracts for signature by the parties involved;
- Publicizing the projects presented on the platform;
- Collect funds from contributors and ensure that they are allocated;
- Manage funds from project sponsors and distribute them to contributors.

Related activities :

- + Advising project promoters before they are put on the platform;
- + Advertising projects presented on medias other than the platform;
- + Advising and managing products on behalf of contributors.

Overview of Moroccan regulation

A few restrictions

- The Crowdfunding Company may not use direct marketing to raise funds;
- The Crowdfunding Company may not participate in collaborative financing operations as a contributor or project leader, nor be a shareholder or partner, directly or indirectly, in the project presented through the platform it manages. This restriction does not apply to employees and shareholders, provided that this is mentioned in the project presentation note;
- The Crowdfunding Company may not use funds raised for a project for any other purpose;
- The Crowdfunding Company may not hold the funds raised directly and must rely on a credit institution.

Overview of Moroccan regulation

Transparency rules

- Publication of an annual report on the platform;
- Quarterly publication of the failure rate for projects put online over the last 36 months;
- Publication of project presentation notes;
- Providing contributors with a periodic status report enabling them to monitor the progress of the financing operation and the contributions collected;

Rules governing collaborative financing operations

- The same project may not be placed on more than one platform at the same time;
- A project may not be placed on the platform for more than six (6) months;
- If the total amount of contributions requested for the project is reached before the end of the funding campaign, the contributions are stopped.
- Prior to initiating any "investment" category operation on the platform, the Crowdfunding Company must ensure in particular that :
 - a preliminary feasibility study of the proposed operation has been conducted;
 - a valuation of the planned project is prepared.

Support measures to kick-start the Crowdequity

Launch of a dedicated crowdfunding portal

- A compilation of all the legislative and regulatory texts relating to crowdfunding
- An animated capsule (under release);
- Frequently asked questions section

Publication of educational materials

- An information guide to the framework ;
- A guide for the public (in the process of publication)
- A guide for professionals (in the process of publication)

Request for information service

- A request for information service on the framework and the approval process, including the possibility of requesting an appointment

Ongoing deployment of a digital platform for exchanging and processing approval projects

Support measures to kick-start the Crowdequity

The screenshot displays the AMMC website interface for the 'Financement Collaboratif - Crowdfunding' section. The top navigation bar includes links for News, Publications, Regulation, Decisions, Subscribe, Procurement & Tenders, Financial Education, Useful links, and language options (FRANÇAIS, العربية). The main header features the AMMC logo and navigation tabs for AMMC, INVESTORS, ISSUERS, MARKET INTERMEDIARIES & INFRASTRUCTURE, and OTHER PROFESSIONALS. The central content area is titled 'Financement Collaboratif - Crowdfunding' and contains six interactive icons: 'LOI ET TEXTES RÉGLEMENTAIRES', 'GUIDES', 'CAPSULES PÉDAGOGIQUES', 'DEMANDES D'INFORMATIONS', 'LISTE DES SOCIÉTÉS DE FINANCEMENT COLLABORATIF AGRÉÉES PAR L'AMMC', and 'FAQ'. Each icon includes an 'EN SAVOIR PLUS' button. The right sidebar is divided into three sections: 'NEWS' with recent articles from February 2024, 'QUICK ACCESS' with links to Publications, Regulation, Decisions, Financial Instruments, Professional accreditation, and Fintech; and 'PRACTICE' with links to Authorised firms-products, File a legal request, SESAM, Quizz, and We need your opinion.

NEXT STEPS ?

Support measures to kick-start the Crowdequity

- Mapping/ Approaching the entrepreneurship ecosystem
- Organizing workshops to promote the advantages of crowdfunding



Support measures to kick-start the Crowdequity

- In partnership with the Central bank and the Ministry of Finance, a project to support companies that are in the process of developing a crowdfunding platforms is being prepared.
- 3 areas of support :
 - Technical support for Crowdfunding Companies (Target 20);
 - Support for Project holders;
 - Raising contributors' awareness of the crowdfunding instruments (organization of conferences, capsules and communications on social networks...).



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