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|  | **2nd May 2017** |

**“Crowd-Sourced Funding Equity Raising"**

Need more capital for your business? Crowdfunding might be the answer.

Unfortunately there hasn’t been much publicity around Australia about a very significant new legislation package that was recently passed by the Senate. This was the Crowd-Sourced Funding Equity Raising Package.

Small/medium enterprise advocates had been asking the Australian government for years for this legislation to be introduced. Thankfully finally it has been introduced.

The legislation enables propriety limited companies (after they have converted to an unlisted public company, which can be done fairly easily for not much cost) to raise up to $5 million every 12 months from the “crowd” if the directors wish.

To be eligible, companies must be unlisted public companies, with a group turnover of less than $25 million and group assets with a gross value of less than $25 million. Companies will also need a “good story” as to what they need the money for and what it’s going to be spent on.

The legislation is primarily targeted at “retail investors” who traditionally have had difficulty in being able to directly invest in new emerging companies in Australia.

That opportunity is now available to retail investors who can invest up to $10,000 every 12 months per company if they wish. The legislation imposes a number of warnings to advise retail investors of the marketplace risks that all investors need to be aware of, but particularly a Crowd-Sourced Funding Company, because there is no necessity to produce a prospectus and the normal investment criteria for a listed public company.

The legislation commencement date is 1st September 2017. If companies wish to be able to raise capital from September, directors will need to start making preparations now so as to enable the required documentation, relative to the Crowd-Sourced Funding Offer Document, to be prepared.

Directors will also need to finalise discussions with a Crowd-Sourced Funding Intermediary who the government has appointed as the “gatekeepers” for the operation of Crowd-Sourced Funding. There is no direct involvement by the Australian Securities Investments Commission (ASIC). The CSF Intermediary has a responsibility to check that companies, that wish to raise capital, have complied with the legislation and that the CSF Offer Document has been prepared based on key information from the company’s records including:

* Market Research
* Marketing Plan
* Intellectual Property Summary
* Corporate Structure (directors, officers, managers, team members, advisers)
* Business Plan – summarising the director’s vision for the next three years
* Budgets and Cashflow Forecasts – a financial summary of the company’s three-year vision
* CSF Offer Document

The CSF intermediary is responsible for checking all of the documentation and when he/she is satisfied the Intermediary can then place the CSF Offer Document, together with all supporting information, onto their website where potential investors are able to view the information before deciding whether to make an investment.

We are committed to supplying a professional consulting service to assist our clients and other businesses in this area to undertake a review to determine whether a company is potentially eligible to be classified as a Crowd-Sourced Funding Equity Company and, if so, to then assist the company’s directors in the preparation of all of the required documentation, including the CSF Offer Document, and to participate in discussions with potential CSF Intermediaries (who are businesses that have an Australian Financial Services Industry License).

If you would like to have a no obligation conversation with us relative to Crowd-Sourced Funding please do not hesitate to contact us for an appointment.

Alternatively you may wish to attend the special seminar that we are presenting on Crowd Sourced Funding. This seminar is to be presented on <insert day> commencing at <insert time>. The seminar will be presented at <insert location>.

We look forward to hearing from you. Thank you for your support.

Kind regards