



ASIC

Australian Securities & Investments Commission

CONSULTATION PAPER 289

Crowd-sourced funding: Guide for intermediaries

June 2017

About this paper

This consultation paper seeks feedback on our proposed guidance for entities looking to provide crowd-funding services as crowd-sourced funding (CSF) intermediaries.

Our proposed guidance will assist CSF intermediaries to understand their role and comply with:

- their general obligations as AFS licensees; and
- specific obligations under the CSF regime in Pt 6D.3A of the Corporations Act.

This paper attaches a draft of the proposed Regulatory Guide 000 *Crowd-sourced funding: Guide for intermediaries* (RG 000) and relevant amendments to [Regulatory Guide 166](#) *Licensing: Financial requirements* (RG 166) relating to financial requirements for CSF intermediaries.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This paper was issued on 22 June 2017 and is based on the Corporations Act as at the date of issue.

Disclaimer

The proposals, explanations and examples in this paper do not constitute legal advice. They are also at a preliminary stage only. Our conclusions and views may change as a result of the comments we receive or as other circumstances change.

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The consultation process

You are invited to comment on the proposals in this paper, which are only an indication of the approach we may take and are not our final policy.

As well as responding to the specific proposals and questions, we also ask you to describe any alternative approaches you think would achieve our objectives.

We are keen to fully understand and assess the financial and other impacts of our proposals and any alternative approaches. Therefore, we ask you to comment on:

- the likely compliance costs;
- the likely effect on competition; and
- other impacts, costs and benefits.

Where possible, we are seeking both quantitative and qualitative information.

We are also keen to hear from you on any other issues you consider important.

Your comments will help us develop our policy on crowd-sourced funding intermediary requirements. In particular, any information about compliance costs, impacts on competition and other impacts, costs and benefits will be taken into account if we prepare a Regulation Impact Statement: see Section F, 'Regulatory and financial impact'.

Making a submission

You may choose to remain anonymous or use an alias when making a submission. However, if you do remain anonymous we will not be able to contact you to discuss your submission should we need to.

Please note we will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any personal or financial information) as confidential.

Please refer to our privacy policy at www.asic.gov.au/privacy for more information about how we handle personal information, your rights to seek access to and correct personal information, and your right to complain about breaches of privacy by ASIC.

Comments should be sent by 3 August 2017 to:

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What will happen next?

Stage 1	22 June 2017	ASIC consultation paper released with draft regulatory guide
Stage 2	3 August 2017	Comments due on the consultation paper and draft regulatory guide
Stage 3	September 2017	Regulatory guide released

A Background to the proposals

Key points

Amendments to the *Corporations Act 2001* (Corporations Act) have been made to facilitate equity-based crowd-sourced funding by public companies. Under the CSF regime, intermediaries providing a crowd-funding service (CSF intermediaries) must hold an Australian financial services (AFS) licence and meet certain obligations.

CSF intermediaries will play an important gatekeeper role to help ensure that crowd-sourced funding is a viable funding option for eligible small to medium sized public companies, and that investors have confidence to invest in CSF offers.

This consultation paper seeks your feedback on our proposals to give new guidance for CSF intermediaries to help them understand their role and comply with their obligations, to promote confidence among investors and offering companies.

Note: See the attached draft regulatory guide for a list of 'Key terms' that are also relevant to this consultation.

CSF legislation

- 1 The *Corporations Amendment (Crowd-sourced Funding) Act 2017* amends the *Corporations Act 2001* (Corporations Act), and makes minor amendments to the *Australian Securities and Investments Commission Act 2001* (ASIC Act), to provide a crowd-sourced funding (CSF) regime. The CSF regime takes effect from 29 September 2017.
- 2 Generally, the CSF regime reduces the regulatory requirements for public fundraising while maintaining appropriate investor protection measures.
- 3 On 9 May 2017, the Government commenced consultation to extend the CSF regime to proprietary companies. The proposals in this paper only address the CSF regime as it applies to public companies. If the extension proceeds, we will consider any impact on our policy and guidance.

Role and obligations of CSF intermediaries

- 4 We propose to provide guidance to assist providers of a crowd-funding service (CSF intermediaries) to understand their role and comply with their obligations as Australian financial services (AFS) licensees and under the CSF regime.

5 Our proposed guidance is contained in the draft regulatory guide at Attachment 1 to this consultation paper—draft Regulatory Guide 000 *Crowd-sourced funding: Guide for intermediaries* (RG 000).

6 The guidance is designed to help CSF intermediaries comply with their obligations under the law. This will help establish confidence in CSF intermediaries, and in crowd-sourced funding generally as an attractive and viable fundraising option for small to medium companies and investment option for investors.

AFS licence requirements

7 A key component of the CSF regime is that a CSF intermediary must hold an AFS licence with an authorisation to provide a crowd-funding service.

8 Similar to other AFS licensees that provide services to retail clients, to obtain and continue to hold an AFS licence, a CSF intermediary must meet its general obligations as a licensee (see s912A of the Corporations Act) and have adequate compensation arrangements (see s912B of the Corporations Act).

9 Our proposals to provide guidance for CSF intermediaries about their AFS licensee obligations are set out in Section B of this paper.

Specific obligations under the CSF regime

10 In addition to holding an AFS licence authorising it to provide a crowd-funding service, a CSF intermediary has specific obligations under the CSF regime that are commensurate with its role as a gatekeeper.

11 The CSF intermediary's role and obligations help ensure that investors are only offered investments in public companies that are eligible to raise funds under the CSF regime and that are seeking to do so for legitimate purposes, and that investors have certain information and protections in relation to CSF offers.

12 Under the new CSF regime in Pt 6D.3A of the Corporations Act, CSF intermediaries will need to comply with a number of requirements around:

- (a) undertaking checks required by the Corporations Regulations and not publishing or continuing to publish a CSF offer document in certain circumstances;
- (b) providing an application facility and a communication facility;
- (c) dealing with application money;
- (d) offer timing rules;
- (e) dealing with defective CSF offer documents; and

(f) additional obligations when dealing with retail clients.

- 13 Our proposals to provide guidance for CSF intermediaries about their gatekeeper and investor protection obligations under the CSF regime are set out in Section C of this paper.

Data reporting

- 14 In order to assist in the regulation of crowd-sourced funding, we propose to require all CSF intermediaries to provide information to ASIC annually about their activities.
- 15 Our proposals in relation to the reporting requirements are set out in Section D of this paper.

Crowd-sourced funding through platforms and custodial arrangements

- 16 We propose to update the requirements and guidance for platform operators and nominee and custody services operators acquiring shares under CSF offers on the instructions of retail clients, to ensure a relevant client instructing an investment in shares offered under a CSF offer has access to:
- (a) the CSF offer document; and
 - (b) the retail client protections under the CSF regime (e.g. cooling-off rights) that the client would have if they directly acquired the shares under the CSF offer.
- 17 Our proposals about requirements and guidance for platform operators and nominee and custody services operators are set out in Section E of this paper.

Application of interim policy

- 18 The proposals in this consultation paper and the attached draft regulatory guide constitute ASIC's interim policy that will apply from 29 September 2017 until the final guidance is issued, should the final guidance be issued after this date.

B AFS licence requirements

Key points

We propose to issue specific regulatory guidance to assist CSF intermediaries to understand and comply with their AFS licence requirements (see Proposal B1).

A CSF intermediary will need to hold an AFS licence authorising the provision of a crowd-funding service (see Proposal B2).

We propose to clarify how the AFS licensee requirements apply to CSF intermediaries, including requirements relating to:

- conflicts of interest (see Proposals B3 and B4);
- financial resource requirements (see Proposals B5–B7);
- organisational competence (see Proposals B8 and B9); and
- dispute resolution (see Proposal B10).

CSF intermediaries and the financial services regime

- 19 ASIC is an independent agency of the Australian Government that regulates registered companies, financial markets and financial and credit services providers. Among other things, we license and monitor financial services businesses (i.e. businesses that provide financial services for financial products) to ensure that they operate with professionalism, honesty and fairness through the AFS licensing system in keeping with the objects set out in s760A of the Corporations Act. However, ASIC is not a prudential supervisor of entities that provide financial services.
- 20 A CSF intermediary will be a financial service provider under the Corporations Act and will need to hold an AFS licence to provide crowd-funding services.

Guidance for CSF intermediaries

Proposal

- B1** We propose to issue new regulatory guidance to assist CSF intermediaries to understand and comply with the requirements for AFS licensees.

See Section B in the draft regulatory guide at Attachment 1.

Your feedback

B1Q1 Do you agree with this proposal? If not, why?

B1Q2 Are there additional matters that you consider appropriate to cover in our guidance?

Rationale

- 21 As AFS licensees, under the Corporations Act CSF intermediaries will need to meet a range of conduct and disclosure obligations, including in relation to:
- (a) handling client money;
 - (b) compensation arrangements;
 - (c) adequacy of resources;
 - (d) adequacy of risk management systems;
 - (e) providing a Financial Services Guide to retail clients; and
 - (f) ensuring that advertising is not potentially misleading or deceptive and complies with the CSF regime requirements.
- 22 Existing ASIC regulatory guides (listed in Table 1) provide general guidance on these obligations, and will therefore be relevant for CSF intermediaries.

Table 1: Existing guidance for AFS licensees and AFS licence applicants

Topic	Guidance
Preparing your AFS licence application	Regulatory Guide 1 <i>AFS Licensing Kit: Part 1—Applying for and varying an AFS licence</i> (RG 1)
	Regulatory Guide 2 <i>AFS Licensing Kit: Part 2—Preparing your AFS licence or variation application</i> (RG 2)
	Regulatory Guide 3 <i>AFS Licensing Kit: Part 3—Preparing your additional proofs</i> (RG 3)
	Pro Forma 209 <i>Australian financial services licence conditions</i> (PF 209)

Topic	Guidance
Meeting your AFS licensing, conduct and disclosure obligations	Regulatory Guide 36 <i>Licensing: Financial product advice and dealing</i> (RG 36)
	Regulatory Guide 104 <i>Licensing: Meeting the general obligations</i> (RG 104)
	Regulatory Guide 105 <i>Licensing: Organisational competence</i> (RG 105)
	Regulatory Guide 126 <i>Compensation and insurance arrangements for AFS licensees</i> (RG 126)
	Regulatory Guide 146 <i>Licensing: Training of financial product advisers</i> (RG 146):
	Regulatory Guide 165 <i>Licensing: Internal and external dispute resolution</i> (RG 165)
	Regulatory Guide 166 <i>Licensing: Financial requirements</i> (RG 166)
	Regulatory Guide 167 <i>Licensing: Discretionary powers</i> (RG 167)
	Regulatory Guide 175 <i>Licensing: Financial product advisers—Conduct and disclosure</i> (RG 175)
	Regulatory Guide 181 <i>Licensing: Managing conflicts of interest</i> (RG 181)

- 23 However, as crowd-funding is a new type of financial service, we consider it important to also provide some tailored guidance to help CSF intermediaries:
- (a) apply for their AFS licence authorisation;
 - (b) meet their ongoing AFS licence requirements and obligations; and
 - (c) meet other requirements and obligations under the Corporations Act.

AFS licence authorisation

Proposal

- B2** We propose to issue CSF intermediaries with a tailored AFS licence authorisation to provide a crowd-funding service through a single CSF platform, specified in the licence by reference to the URL that will be used to access the platform.

Your feedback

- B2Q1 Do you agree with this proposal? If not, why?
- B2Q2 Can you suggest a way of identifying the CSF platform for which we have conducted a licensing assessment, without referring to the URL that will be used to access it?

Rationale

- 24 Providing a crowd-funding service will be a financial service under Pt 7.1 Div 4 of the Corporations Act. Under the CSF regime, a CSF intermediary must have an AFS licence that expressly authorises it to provide this service.

- 25 As a new type of financial service, we do not consider it would be appropriate to authorise CSF intermediaries to operate multiple platforms without sufficiently demonstrating their ability to operate a single platform in a compliant manner.
- 26 It is important that the authorisation be certain, and general references to a platform may become uncertain as aspects of the platform evolve. Referring to a URL will provide certainty and reduce the risk of significant changes to the platform. However, we are open to considering other approaches for specifying the platform.

Conflicts of interest

Proposal

- B3** We propose to apply ASIC's existing policy on conflicts of interest to CSF intermediaries and to retain the existing guidance in [Regulatory Guide 181](#) *Managing conflicts of interest* (RG 181).

Your feedback

B3Q1 Do you agree with this proposal? If not, why?

- B4** We propose to supplement the guidance in RG 181 with tailored guidance on the types of conflicts that may be faced by a CSF intermediary and how these can be managed.

See RG 000.31–RG 000.34 of the draft regulatory guide at Attachment 1.

Your feedback

B4Q1 Do you agree with this proposed guidance? If not, why?

B4Q2 Do you consider that our guidance for CSF intermediaries on the management of conflicts of interest should cover any matters in particular? If so, provide details.

Rationale

- 27 Under s912A(1)(aa), an AFS licensee must have adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to the provision of financial services by the licensee or a representative of the licensee as part of the financial services business of the licensee or the representative.
- 28 We provide guidance in RG 181 on the obligation under s912A(1)(aa), including our expectations regarding controlling, avoiding and disclosing conflicts of interest. We do not consider that there is a need to modify or replace our existing policy in RG 181 to address the management of

conflicts of interest for CSF intermediaries. Our new regulatory guide will refer to this guidance.

- 29 In addition to referring to the guidance in RG 181, our new regulatory guide for CSF intermediaries will provide tailored guidance on the management of conflicts of interest by CSF intermediaries. We consider that this will be useful as a number of potential conflicts of interest may arise from a CSF intermediary's dual role as provider of the crowd-funding service and gatekeeper. Further, on the basis that some CSF intermediaries may not have previously held an AFS licence and complied with general conflicts management obligations, we consider it may be helpful to provide tailored guidance on the types of conflicts that we anticipate a CSF intermediary may face, and how those conflicts can be managed.

Financial resources

- 30 Financial resource requirements apply to all AFS licensees to help ensure that:
- (a) they have sufficient financial resources to conduct their financial services business in compliance with the Corporations Act (including carrying out supervisory arrangements);
 - (b) there is a financial buffer that decreases the risk of a disorderly or non-compliant wind-up if the business fails; and
 - (c) there are incentives for owners to comply, through risk of financial loss.

Note: The Corporations Act requires an AFS licensee to have available adequate financial resources to provide the financial services covered by its AFS licence and to carry out supervisory arrangements (see s912A(1)(d)).

- 31 Our proposals in relation to the financial resource requirements that will apply to CSF intermediaries are set out below. We will provide guidance on these requirements in a new Appendix to RG 166: see Attachment 2.

Cash flow projections

Proposal

- B5** A CSF intermediary that is required to have adequate financial resources—and is not subject to certain other financial requirements—should have at all times cash flow projections, based on a reasonable estimate of what is most likely, that:
- (a) cover at least 12 months ahead;
 - (b) have been approved by the directors or other governing body of the CSF intermediary (or if the CSF intermediary is a natural person, that person) within the previous three months; and

- (c) demonstrate that the CSF intermediary would hold, at all times covered by the projection, a cash buffer of at least 5% of projected 12-month cash outflows or, if higher, the cash outflows in a previous full financial year.

See the draft legislative instrument at Attachment 3.

Your feedback

- B5Q1 Do you agree with the proposed requirement that CSF intermediaries prepare, and have regularly approved, cash flow projections about likely financial outcomes that cover a period of at least 12 months? If not, why?
- B5Q2 Do you consider that the cash flow projections should be required to cover a shorter period of time? If so, what period of time do you consider appropriate, and why?
- B5Q3 Do you consider that CSF intermediaries should be able to demonstrate that they have adequate cash by following any of Options 2 to 5 set out in RG 166, which certain other kinds of AFS licensee can choose to comply with? If so, which option is likely to be appropriate and why?

Audit report

Proposal

- B6** We propose that a CSF intermediary that is required to have adequate financial resources under the Corporations Act—and is not subject to net tangible assets (NTA) requirements under other ASIC legislative instruments—must ensure that the audit report required to be lodged with its annual financial statements includes statements by a registered company auditor, addressed to the CSF intermediary and ASIC, that for the relevant period:
- (a) in the auditor's opinion, the CSF intermediary:
- (i) complied with the requirements to have the cash flow projection approved as required at least quarterly, the requirement to hold the required 5% cash buffer and any other financial requirements applying under its licence conditions;
 - (ii) had, at all times, cash flow projections (covering at least the following 12 months) that purport to, and on their face appear to, be a projection of the licensee's cash flow, as required; and
 - (iii) correctly calculated the cash flow projections based on the assumptions used for the projection; and
- (b) following an examination of the calculations, assumptions and description used in preparing the cash flow projections, including the documents prepared to demonstrate that the CSF intermediary meets the requirements for cash, the auditor has no reason to believe that the CSF intermediary:

- (i) did not have adequate systems for managing the risk of having insufficient financial resources to meet any applicable financial requirements;
- (ii) failed to document the calculations and assumptions used in preparing the cash flow projections and describe why they are appropriate;
- (iii) will not have access, when needed, to enough financial resources to meet its liabilities over the projected term of at least 12 months, or that the it will not hold at all times during the period to which the projection relates, in cash, an amount equal to or greater than the current amount it is required to hold in cash; or
- (iv) adopted assumptions for the cash flow projections that were unreasonable.

See RG 000.42 of the draft regulatory guide at Attachment 1.

Your feedback

B6Q1 Do you agree with the proposal to require a CSF intermediary to arrange for an audit report on the proposed basis? If not, why?

Other financial requirements

Proposal

B7 We propose that our other financial requirements under RG 166, applying to AFS licensees generally, other than those relating to adequacy of cash, will apply to CSF intermediaries—including the requirement for surplus liquid funds under Section C of RG 166.

Your feedback

B7Q1 Do you consider that any of the requirements that apply to AFS licensees generally will not apply appropriately to CSF intermediaries? If so, why?

B7Q2 Do you consider that other requirements should apply to protect clients and promote confidence in CSF intermediaries? If so, what requirements should apply and why would that be appropriate?

Rationale

32 We propose to apply ASIC's general financial requirements for AFS licensees to CSF intermediaries, other than the requirements relating to adequacy of cash. In relation to adequacy of cash, ASIC applies tailored financial requirements to different types of AFS licensees, and we are proposing a tailored regime for CSF intermediaries.

33 In forming our proposal we considered the financial requirements that apply to similar financial services, such as investment platform providers, which

include responsible entities of registered managed investments schemes, investor directed portfolio service (IDPS) operators, and providers of custodial or depository services. These are similar as they provide a platform or services that enable clients to acquire financial products or interests in financial products, and through which client money may be held for some time.

- 34 For such businesses we consider that planning cash flows for 12 months ahead, and engaging the board in this process, is good business practice and will reduce the risk of disorderly failures. For CSF intermediaries, disorderly failures could frustrate the fundraising process, to the disadvantage of both companies making CSF offers and investors, and adversely affect confidence in CSF intermediaries and crowd-funding services.
- 35 The requirement to maintain a cash buffer reflects Option 1 in RG 166 for AFS licensees to demonstrate adequacy of cash. This is the option most often selected by AFS licensees, especially smaller businesses, and is the simplest approach that generally reflects business practices. We consider this option appropriate for CSF intermediaries because monitoring and taking action to maintain a cash buffer will be an important part of having adequate arrangements for managing financial risks. The minimum requirement is set at a modest level (generally 5% of expected annual cash outflow).
- 36 Option 2 in RG 166—under which some other AFS licensees are able to demonstrate the adequacy of their cash based on a ‘realistic worst case’ type of projection—is unlikely to be appropriate for CSF intermediaries, given crowd-funding services are new financial services with uncertain financial risks. Options 3 to 5 in RG 166 apply in circumstances where a licensee can rely on financial support from parents or entities of undoubted financial substance. We do not anticipate this would be relevant, and would be open to consider such situations on a case-by-case basis (as we do for investment platforms and other AFS licensees with tailored cash needs requirements).
- 37 CSF intermediaries may also be subject to a requirement to hold \$50,000 in surplus liquid funds, which is net current assets subject to certain adjustments as set out in RG 166. The \$50,000 surplus may be reflected by cash that meets the required cash amount—that is, the same assets can be used for both requirements. This requirement applies to all licensees, as it may reduce the risk of financial difficulty leading to a temptation to misappropriate client moneys, and does not reflect any particular concern about CSF intermediaries. Under RG 166 requirements, a CSF intermediary will also have to remain solvent and ensure that it has positive net assets.
- 38 These requirements would be applied by a legislative instrument (see the draft legislative instrument at Attachment 3) and guidance would be provided in a new Appendix to RG 166 (see Attachment 2).

Organisational competence

Proposal

- B8** We propose to generally apply our existing policy about organisational competence when assessing applications for an AFS licence authorisation to provide a crowd-funding service. As this is a new AFS authorisation, the relevant experience that may be demonstrated under Option 5 in [Regulatory Guide 105 Licensing: Organisational competence](#) (RG 105) will be relevant and provide flexibility.

Your feedback

B8Q1 Do you agree with the proposal? If no, why?

- B9** We propose to consider the following experience in assessing the organisational competence obligation for CSF intermediary licensees:
- (a) experience as an IDPS platform operator, managed discretionary accounts operator or conducting due diligence on investments to be offered to retail clients as part of admission to an approved product list for advisers;
 - (b) experience dealing in securities, for example as a stockbroker;
 - (c) corporate advisers in mergers and acquisitions, takeovers, rights offers, initial public offers, corporate actions, underwriters, placements, or listings;
 - (d) fund management experience (including registered and unregistered managed investment schemes);
 - (e) experience operating a crowd-sourced funding platform, including non-investment or investment-based, using a wholesale or registered scheme arrangement, or small-offers exemption under s708 of the Corporations Act;
 - (f) experience as an operator of an investment-based crowd-sourced funding platform, including overseas (such as in New Zealand or other countries);
 - (g) experience as a financial market operator in Australia or overseas; and
 - (h) experience operating a platform-based financial services business.

Your feedback

B9Q1 Do you agree with the proposal? If not, why?

B9Q2 Provide details of any other qualifications or experience that should be considered relevant by ASIC when assessing applications for a crowd-funding service authorisation.

B9Q3 Do you think there should a specific requirement for qualifications and experience in running the technology solutions for the platform?

Rationale

- 39 AFS licensees must comply with the competency obligation under the Corporations Act, which requires them to:
- (a) maintain organisational competence to provide the financial services covered by their licence (s912A(1)(e)); and
 - (b) ensure that their representatives are adequately trained and competent to provide those financial services (s912A(1)(f)).

40 In RG 105, we describe what we look for when assessing compliance with the organisational competence obligation in s912A(1)(e).

41 RG 105 requires an AFS licensee to demonstrate that:

- (a) each responsible manager meets one of the five options for demonstrating appropriate knowledge and skills; and
- (b) together, the responsible managers have appropriate knowledge and skills to cover all the financial services and products offered by the licensee.

Note: Each responsible manager needs to be able to demonstrate one of five options in Table 1 of RG 105. The five options are different combinations of training, qualifications and experience for demonstrating that responsible managers have knowledge and skills appropriate to their role (see RG 105.45–RG 105.75).

42 If not relying on Options 1 to 4, under Option 5 an AFS licensee needs to satisfy us that its responsible manager has appropriate knowledge and skills for their role, by providing a written submission that explains:

- (a) the nature of the responsible manager's role;
- (b) any relevant qualifications or courses they have completed;
- (c) their relevant experience over the past 10 years (this does not necessarily mean they need 10 years relevant experience);
- (d) any relevant credentials they have, including association membership or affiliation, or skills or knowledge recognised by an industry association, a regulatory body such as APRA, or some relevant overseas body; and
- (e) why they have appropriate knowledge and skills for the financial services and products their role relates to.

43 The management team (collectively) must have an appropriate breadth and depth of relevant financial services know-how including in relation to compliance obligations, whether gained in Australia or overseas, to effectively and compliantly manage the licensed business.

44 When providing a new type of service, such as the provision of a crowd-funding service, we understand AFS licensees may not be able to demonstrate depth and breadth of experience in that particular business. However, a CSF intermediary will need to explain how the experience of its

directors and managers, as a whole, provides sufficient capability to deliver and manage that service.

Dispute resolution procedures

Proposal

B10 We propose to apply ASIC's existing policy on dispute resolution procedures to CSF intermediaries for their retail client investors and offering companies, and to retain the existing guidance on these requirements in [Regulatory Guide 165 Licensing: Internal and external dispute resolution](#) (RG 165).

Your feedback

B10Q1 Do you agree with this proposal? If not, why?

B10Q2 Do you consider that our guidance for CSF intermediaries on dispute resolution procedures should cover any other matters in particular? If so, provide details.

Rationale

- 45 Under s912A, an AFS licensee that provides financial services to a person who is a retail client must have a dispute resolution system that meets certain requirements. This dispute resolution system must consist of an internal dispute resolution (IDR) procedure and membership of one or more ASIC-approved external dispute resolution (EDR) schemes.
- 46 We provide guidance in RG 165 on what licensees must do to have a dispute resolution system in place that meets our requirements. We do not consider that there is a need to modify or replace our existing policy in RG 165 to address the dispute resolution requirements for CSF intermediaries. Our new regulatory guide for CSF intermediaries will refer to the guidance in RG 165.
- 47 As noted in the draft regulatory guide, the dispute resolution requirements will apply in relation to retail clients that are investors in CSF offers, as well as retail clients that are companies making CSF offers.

C Specific obligations under the CSF regime

Key points

The CSF regime in Pt 6D.3A of the Corporations Act will impose specific gatekeeper and investor protection obligations on CSF intermediaries.

We propose to issue new regulatory guidance to help CSF intermediaries understand and comply with these specific obligations (see Proposal C1).

Guidance for CSF intermediaries

Proposal

- C1** We propose to issue new regulatory guidance to assist CSF intermediaries to understand and comply with their specific obligations under the CSF regime.

See Section C in the draft regulatory guide at Attachment 1.

Your feedback

- C1Q1 Do you agree with this proposal? If not, why?
- C1Q2 Are there additional matters that you consider appropriate to cover in our guidance?

Rationale

- 48 In addition to complying with obligations that apply to AFS licensees generally, a CSF intermediary will also need to comply with specific requirements under the CSF regime in Pt 6D.3A of the Corporations Act.
- 49 Under the CSF regime, CSF intermediaries will be required to have appropriate policies, procedures and systems to ensure, for each CSF offer that is made or intended to be made on their platform, that:
- (a) they carry out prescribed checks regarding the identity of the offering company and its eligibility to make the CSF offer, and information on the company's directors (see RG 000.120–RG 000.129);
 - (b) important information (such as the prescribed general risk warning) is published prominently on the platform (see RG 000.132–RG 000.134);
 - (c) the CSF offer is closed or suspended when appropriate (for example, when it is fully subscribed, at the end of the offer period or when there is reason to believe that it is no longer appropriate to continue to make the CSF offer available on the platform) (see RG 000.150–RG 000.153); and

- (d) a communication facility is available for investors to communicate in relation to the CSF offer and make inquiries of the offering company and the CSF intermediary, to help them make investment decisions (see RG 000.137–RG 000.147); and
- (e) they deal with client money in accordance with the Corporations Act (see RG 000.148–RG 000.149).
- 50 The CSF regime also contains a number of important investor protection measures in relation to retail clients that are designed to help promote investor trust and confidence when considering investing in CSF offers. The CSF intermediary is responsible for administering these protection measures, which include that:
- (a) retail clients must be informed of, and allowed to exercise, their cooling-off rights (see RG 000.163–RG 000.165);
- (b) retail clients must only be allowed invest up to \$10,000 per issuer in a 12-month period through the CSF intermediary’s platform (see RG 000.167–RG 000.168);
- (c) retail clients must only be allowed to apply for shares under a CSF offer once they have completed a risk acknowledgement (see RG 000.166).
- 51 We consider that relevant guidance in the new regulatory guide will assist CSF intermediaries in understanding and complying with these specific requirements.

Conducting reasonable checks

Proposal

- c2 We propose to issue guidance to assist CSF intermediaries to understand and comply with the specific obligations under the CSF regime to conduct checks to a reasonable standard.

See Section C in the draft regulatory guide at Attachment 1.

Your feedback

- C2Q1 Do you agree with this proposal? If not, why?
- C2Q2 Are there additional matters that you consider appropriate to cover in our guidance?
- C2Q3 Do you agree with the proposed guidance about what will be needed for a CSF intermediary’s documented process for requiring the provision of information by offering companies to be reasonable, as required by the Corporations Regulations? If not, why not?

Rationale

- 52 Under Regulation 6D.3A.09 of the Corporations Regulations, when requiring an offering company to provide information for the purposes of its checks, a CSF intermediary must:
- (a) explain in writing to the offering company what information or matters are required, including the required level of detail; and
 - (b) require the offering company to provide such information and matters through a reasonable process that the CSF intermediary has developed, documented and implemented for this purpose.
- 53 In our proposed guidance we indicate that a reasonable process for requiring the provision of information by offering companies will generally include:
- (a) contractual promises by the offering company to provide the information compliantly and in accordance with the requirements that have been explained;
 - (b) checking that the offering company's relevant officers understand the requirements as explained;
 - (c) using independent and reliable sources of information, where reasonably available, to check the information is accurate and complete;
 - (d) checking that the offering company's relevant officers understand the potential practical, reputational, and civil and criminal consequences that may flow from non-provision of the required information in relevant circumstances;
 - (e) having (and informing the offering company about) an active process for monitoring communications on the communication facility and complaints, to identify possible failures of disclosure and take action where appropriate; and
 - (f) requiring personal confirmations by relevant directors that the information is accurate and complete based on their knowledge.
- 54 We consider that it is important to give guidance to help CSF intermediaries comply with their gatekeeping obligations. This includes our expectation that, in checking the CSF offer document, the intermediary will not only check that the required topics are mentioned and addressed but also that all of the required information about each topic is disclosed.
- 55 In the draft regulatory guide, we also indicate that what is a reasonable process will depend on the nature, scale and complexity of a CSF intermediary's business. For example, fewer steps may be needed where an intermediary applies filtering criteria to reduce the likelihood of its platform being used by offering companies that would not meet the disclosure requirements.

D Data reporting

Key points

To assist with the regulation of crowd-sourced funding, we propose that CSF intermediaries will be required to provide ASIC with annual information about their business (see Proposal D1).

Reporting requirement

- 56 As part of its role in developing a new AFS licence authorisation category for CSF intermediaries, Parliament envisaged that ASIC would develop data reporting requirements for CSF intermediaries to assist in ongoing evaluation of the crowd-sourced funding industry.

Note: See paragraph 9.142 of the [Explanatory Memorandum](#) to the Corporations Amendment (Crowd-sourced funding) Bill 2016.

Proposal

- D1 We propose that CSF intermediaries should provide annual information in relation to:
- (a) the total amount raised by all eligible CSF companies through their platform;
 - (b) successful CSF offers made through their platform;
 - (c) unsuccessful CSF offers;
 - (d) investors in CSF offers; and
 - (e) operation of the platform, including use of outsourcing.

Your feedback

- D1Q1 Do you agree with our proposal to require CSF intermediaries to provide information to ASIC on an annual basis about their operations?
- D1Q2 What specific information do you consider should be provided to ASIC? Please provide reasons.

Rationale

- 57 Annual information from CSF intermediaries will assist ASIC in the regulation of crowd-sourced funding by allowing us to analyse and understand:
- (a) how the CSF regime is being used;
 - (b) whether companies making CSF offers and CSF intermediaries are complying with their obligations; and

(c) the development and level of activity in the market.

58 We will use the information for our regulatory and other purposes, and we may share the data with other government authorities as permitted by law. Some of the data may be compiled and published as aggregate information. Disclosures from the data will not be made available to the public generally in a way that identifies individual AFS licensees or offering companies, unless ASIC is compelled by law.

59 We currently envisage that the following data may be required to be provided by CSF intermediaries for the period ending 30 June 2018 and for the year ending 30 June 2019:

- (a) the total amount raised by all eligible CSF companies through the CSF intermediary's platform;
- (b) data about successful CSF offers made through the platform, including:
 - (i) date of the CSF offer;
 - (ii) name of the company making the CSF offer and the relevant industry (such as mining, technology, financial services, or manufacturing);
 - (iii) amount sought by the company making the CSF offer;
 - (iv) amount raised by the successful CSF offer;
 - (v) number of days taken to raise the funds; and
 - (vi) details of any extensions of time taken to raise the funds;
- (c) data about unsuccessful CSF offers, including:
 - (i) details of each CSF offer 'closed' or 'suspended' by the CSF intermediary at any time during the reporting period, due to the CSF intermediary's gatekeeper obligations or because the CSF offer document was defective, including the data items in paragraph 59(b) above and a brief description of how the CSF gatekeeper obligations brought about that result and/or how the CSF offer document was defective;
 - (ii) amounts refunded to investors and when these amounts were refunded;
 - (iii) amounts not refunded to investors where this was required and a brief description of why the amount has not been refunded; and
 - (iv) details of each CSF offer not published on the platform because the company seeking to make the offer did not meet eligibility criteria or pass the gatekeeper checks, including the data items in 59(b)(ii)–59(b)(iii) and a brief description of why the offering company did not meet the eligibility requirements;
- (d) data about investors, including:

- (i) number of investors per type (i.e. wholesale and retail clients) investing in each successful CSF offer and average amount invested by each type of investor;
 - (ii) number of clients exercising their cooling-off period rights during the reporting period;
 - (iii) number of retail clients making complaints to the intermediary, and which CSF offers the complaints relate to during the period; and
 - (iv) number of complaints by retail clients that have been referred to an external dispute resolution body;
- (e) data about operation of the platform, including:
- (i) platform outages, including:
 - (A) how many times and for how long the platform was down; and
 - (B) how many times and for how long the communication facility was down;
 - (ii) outsourcing arrangements that are material to the operation of the business;
 - (iii) remuneration or other benefits received by the CSF intermediary for each CSF offer, including details of each CSF offer and the amount and form of remuneration (e.g. cash or equity); and
 - (iv) number of times the CSF intermediary had to remove material from the communication facility for each CSF offer, including details of the CSF offer, the number of times material was removed and a general description of the reasons why the material was removed; and
- (f) data about companies making CSF offers relying on the temporary corporate governance concessions, including:
- (i) name and ACN of each company relying on the annual general meeting (AGM) concession;
 - (ii) name and ACN of each company relying on the reporting concession; and
 - (iii) name and ACN of each company relying on the audit concession.

60 We will reassess the data required for the financial year ending on or after 30 June 2020 in light of our experience in the preceding years, the value of the data provided to us and any costs or difficulties in producing the data. We will provide advance notice of what is required.

E Crowd-sourced funding through platforms and custodial arrangements

Key points

We are seeking your feedback on proposed updates to the requirements and guidance for platform operators and nominee and custody services operators, in relation to CSF offers.

Requirements for platform operators and nominee and custody services operators

- 61 Investor directed portfolio service (IDPS) operators and responsible entities of registered managed investment schemes that are IDPS-like schemes (together, ‘platform operators’), and nominee and custody services operators, acquire financial products on the instructions of clients. This may include shares acquired through a CSF offer.

Proposal

- E1 We propose to require that, where a platform operator or nominee and custody services operator acquires shares under a CSF offer on instructions of a retail client, they ensure the client:
- (a) has access to the CSF offer document;
 - (b) can access the communication facility;
 - (c) has acknowledged the general risk warning;
 - (d) is provided with the cooling-off rights;
 - (e) is not financially assisted by the CSF intermediary or its related party, or the offering company or its related party; and
 - (f) only holds investments, made through and outside the platform or service, that are within the investor cap for offers by the offering company through the relevant CSF intermediary.

Your feedback

E1Q1 Do you agree with the proposal? If not, why?

Rationale

- 62 There is a risk that clients of IDPSs, registered managed investment schemes that are IDPS-like schemes, and nominee and custody services, may give instructions to accept a CSF offer that are acted on by the platform or service operator, without benefiting from having access to the CSF offer document. This would undermine the investor protections intended by Parliament.

- 63 This risk is more serious when the client would, if they acquired the shares directly, be acquiring the shares as a retail client. It is important that the retail client protections provided under the Corporations Act are not excluded for acquisitions through these forms of custodial arrangement.
- 64 We propose to modify the requirements for operators of:
- (a) an IDPS under [Class Order \[CO 13/763\] Investor directed portfolio services](#);
 - (b) an IDPS-like scheme under [Class Order \[CO 13/762\] Investor directed portfolio services provided through a registered managed investment scheme](#); and
 - (c) a nominee and custody service under [ASIC Corporations \(Nominee and Custody Services\) Instrument 2016/1156](#).
- 65 We also propose to update [Regulatory Guide 148 Platforms that are managed investment schemes and nominee and custody services](#) (RG 148) to reflect these requirements.
- 66 Under the proposals, the operator will be required to ensure that an IDPS, IDPS-like scheme, or nominee and custody service only acquires shares in a CSF offer if a person performing the transactional functions is reasonably satisfied that:
- (a) the client has access to the CSF offer document that would have been required had the shares been offered to the investor directly at the time of the acquisition, and the operator has no reason to believe that the CSF offer document is defective as if it were prepared at the time of the acquisition; and
 - (b) the retail client protections, that would apply if the client accepted the offer directly, apply (e.g. cooling-off rights).
- 67 Our proposal in relation to access to the CSF offer document reflects existing policy for securities that would be required to have a disclosure document under Ch 6D, and for financial products for which a Product Disclosure Statement would be required under Pt 7.9. It is appropriate that retail clients for whom financial products are held through a platform or a nominee and custody service have the same rights and protections as if they had acquired the shares directly.
- 68 We anticipate that, for this outcome to be achieved, specific arrangements for these rights and protections would have to be available by arrangement with the CSF intermediary. We consider that acceptance of CSF offers through custodial arrangements may not be common.
- 69 We do not expect that CSF offers will be accepted through custodial arrangements of a superannuation fund. Our existing relief under [ASIC Corporations \(Superannuation: Investment Strategies\) Instrument 2016/65](#)

(which allows non-inclusion in the relevant superannuation product Product Disclosure Statement of information about financial products being acquired under a custodial arrangement) does not apply in relation to securities.

F Regulatory and financial impact

- 70 In developing the proposals in this paper, we have carefully considered their regulatory and financial impact. On the information currently available to us we think they will strike an appropriate balance between:
- (a) facilitating fundraising by eligible companies under the CSF regime and the operation of crowd-funding services; and
 - (b) promoting confidence in crowd-sourced funding through implementing protections for offering companies and investors; and
 - (c) promoting confidence in the operation of platforms by CSF intermediaries.
- 71 Before settling on a final policy, the Australian Government’s regulatory impact analysis (RIA) requirements require us to:
- (a) consider all feasible options, including examining the likely impacts of the range of alternative options which could meet our policy objectives;
 - (b) if regulatory options are under consideration, notify the Office of Best Practice Regulation (OBPR); and
 - (c) if our proposed option has more than minor or machinery impact on business or the not-for-profit sector, prepare a Regulation Impact Statement (RIS) for the OBPR’s approval.
- 72 All RISs are submitted to the OBPR for approval before we make any final decision. Without an approved RIS, ASIC is unable to give relief or make any other form of regulation, including issuing a regulatory guide that contains regulation. ASIC’s proposed regulation of CSF intermediaries and companies making CSF offers was covered by the RIS published with the *Corporations Amendment (Crowd-sourced Funding) Act 2017* and a copy can be accessed via the OBPR’s [Regulation Impact Statement updates](#) portal.
- 73 Please give us as much information as you can about our proposals or any alternative approaches, including:
- (a) the likely compliance costs;
 - (b) the likely effect on competition; and
 - (c) other impacts, costs and benefits.
- See ‘The consultation process’, p. 4.

List of proposals and questions

Proposal	Your feedback
<p>B1 We propose to issue new regulatory guidance to assist CSF intermediaries to understand and comply with the requirements for AFS licensees.</p> <p>See Section B in the draft regulatory guide at Attachment 1.</p>	<p>B1Q1 Do you agree with this proposal? If not, why?</p> <p>B1Q2 Are there additional matters that you consider appropriate to cover in our guidance?</p>
<p>B2 We propose to issue CSF intermediaries with a tailored AFS licence authorisation to provide a crowd-funding service through a single CSF platform, specified in the licence by reference to the URL that will be used to access the platform.</p>	<p>B2Q1 Do you agree with this proposal? If not, why?</p> <p>B2Q2 Can you suggest a way of identifying the CSF platform for which we have conducted a licensing assessment, without referring to the URL that will be used to access it?</p>
<p>B3 We propose to apply ASIC's existing policy on conflicts of interest to CSF intermediaries and to retain the existing guidance in Regulatory Guide 181 Managing conflicts of interest (RG 181).</p>	<p>B3Q1 Do you agree with this proposal? If not, why?</p>
<p>B4 We propose to supplement the guidance in RG 181 with tailored guidance on the types of conflicts that may be faced by a CSF intermediary and how these can be managed.</p> <p>See RG 000.31–RG 000.34 of the draft regulatory guide at Attachment 1.</p>	<p>B4Q1 Do you agree with this proposed guidance? If not, why?</p> <p>B4Q2 Do you consider that our guidance for CSF intermediaries on the management of conflicts of interest should cover any matters in particular? If so, provide details.</p>
<p>B5 A CSF intermediary that is required to have adequate financial resources—and is not subject to certain other financial requirements—should have at all times cash flow projections, based on a reasonable estimate of what is most likely, that:</p> <ul style="list-style-type: none"> (a) cover at least 12 months ahead; (b) have been approved by the directors or other governing body of the CSF intermediary (or if the CSF intermediary is a natural person, that person) within the previous three months; and (c) demonstrate that the CSF intermediary would hold, at all times covered by the projection, a cash buffer of at least 5% of projected 12-month cash outflows or, if higher, the cash outflows in a previous full financial year. <p>See the draft legislative instrument at Attachment 3.</p>	<p>B5Q1 Do you agree with the proposed requirement that CSF intermediaries prepare, and have regularly approved, cash flow projections about likely financial outcomes that cover a period of at least 12 months? If not, why?</p> <p>B5Q2 Do you consider that the cash flow projections should be required to cover a shorter period of time? If so, what period of time do you consider appropriate, and why?</p> <p>B5Q3 Do you consider that CSF intermediaries should be able to demonstrate that they have adequate cash by following any of Options 2 to 5 set out in RG 166, which certain other kinds of AFS licensee can choose to comply with? If so, which option is likely to be appropriate and why?</p>

Proposal	Your feedback
<p data-bbox="204 309 861 589">B6 We propose that a CSF intermediary that is required to have adequate financial resources under the Corporations Act—and is not subject to net tangible assets (NTA) requirements under other ASIC legislative instruments—must ensure that the audit report required to be lodged with its annual financial statements includes statements by a registered company auditor, addressed to the CSF intermediary and ASIC, that for the relevant period:</p> <p data-bbox="268 611 861 640">(a) in the auditor's opinion, the CSF intermediary:</p> <ul style="list-style-type: none"> <li data-bbox="323 663 861 842">(i) complied with the requirements to have the cash flow projection approved as required at least quarterly, the requirement to hold the required 5% cash buffer and any other financial requirements applying under its licence conditions; <li data-bbox="323 864 861 1021">(ii) had, at all times, cash flow projections (covering at least the following 12 months) that purport to, and on their face appear to, be a projection of the licensee's cash flow, as required; and <li data-bbox="323 1043 861 1133">(iii) correctly calculated the cash flow projections based on the assumptions used for the projection; and <p data-bbox="268 1155 861 1335">(b) following an examination of the calculations, assumptions and description used in preparing the cash flow projections, including the documents prepared to demonstrate that the CSF intermediary meets the requirements for cash, the auditor has no reason to believe that the CSF intermediary:</p> <ul style="list-style-type: none"> <li data-bbox="323 1357 861 1491">(i) did not have adequate systems for managing the risk of having insufficient financial resources to meet any applicable financial requirements; <li data-bbox="323 1514 861 1626">(ii) failed to document the calculations and assumptions used in preparing the cash flow projections and describe why they are appropriate; <li data-bbox="323 1648 861 1872">(iii) will not have access, when needed, to enough financial resources to meet its liabilities over the projected term of at least 12 months, or that the it will not hold at all times during the period to which the projection relates, in cash, an amount equal to or greater than the current amount it is required to hold in cash; or <li data-bbox="323 1895 861 1939">(iv) adopted assumptions for the cash flow projections that were unreasonable. <p data-bbox="268 1962 861 2020">See RG 000.42 of the draft regulatory guide at Attachment 1.</p>	<p data-bbox="906 309 1340 432">B6Q1 Do you agree with the proposal to require a CSF intermediary to arrange for an audit report on the proposed basis? If not, why?</p>

Proposal	Your feedback
<p>B7 We propose that our other financial requirements under RG 166, applying to AFS licensees generally, other than those relating to adequacy of cash, will apply to CSF intermediaries—including the requirement for surplus liquid funds under Section C of RG 166.</p>	<p>B7Q1 Do you consider that any of the requirements that apply to AFS licensees generally will not apply appropriately to CSF intermediaries? If so, why?</p> <p>B7Q2 Do you consider that other requirements should apply to protect clients and promote confidence in CSF intermediaries? If so, what requirements should apply and why would that be appropriate?</p>
<p>B8 We propose to generally apply our existing policy about organisational competence when assessing applications for an AFS licence authorisation to provide a crowd-funding service. As this is a new AFS authorisation, the relevant experience that may be demonstrated under Option 5 in Regulatory Guide 105 Licensing: Organisational competence (RG 105) will be relevant and provide flexibility.</p>	<p>B8Q1 Do you agree with the proposal? If no, why?</p>
<p>B9 We propose to consider the following experience in assessing the organisational competence obligation for CSF intermediary licensees:</p> <ul style="list-style-type: none"> (a) experience as an IDPS platform operator, managed discretionary accounts operator or conducting due diligence on investments to be offered to retail clients as part of admission to an approved product list for advisers; (b) experience dealing in securities, for example as a stockbroker; (c) corporate advisers in mergers and acquisitions, takeovers, rights offers, initial public offers, corporate actions, underwriters, placements, or listings; (d) fund management experience (including registered and unregistered managed investment schemes); (e) experience operating a crowd-sourced funding platform, including non-investment or investment-based, using a wholesale or registered scheme arrangement, or small-offers exemption under s708 of the Corporations Act; (f) experience as an operator of an investment-based crowd-sourced funding platform, including overseas (such as in New Zealand or other countries); (g) experience as a financial market operator in Australia or overseas; and (h) experience operating a platform-based financial services business. 	<p>B9Q1 Do you agree with the proposal? If not, why?</p> <p>B9Q2 Provide details of any other qualifications or experience that should be considered relevant by ASIC when assessing applications for a crowd-funding service authorisation.</p> <p>B9Q3 Do you think there should a specific requirement for qualifications and experience in running the technology solutions for the platform?</p>

Proposal	Your feedback
<p>B10 We propose to apply ASIC’s existing policy on dispute resolution procedures to CSF intermediaries for their retail client investors and offering companies, and to retain the existing guidance on these requirements in Regulatory Guide 165 Licensing: Internal and external dispute resolution (RG 165).</p>	<p>B10Q1 Do you agree with this proposal? If not, why?</p> <p>B10Q2 Do you consider that our guidance for CSF intermediaries on dispute resolution procedures should cover any other matters in particular? If so, provide details.</p>
<p>C1 We propose to issue new regulatory guidance to assist CSF intermediaries to understand and comply with their specific obligations under the CSF regime.</p> <p>See Section C in the draft regulatory guide at Attachment 1.</p>	<p>C1Q1 Do you agree with this proposal? If not, why?</p> <p>C1Q2 Are there additional matters that you consider appropriate to cover in our guidance?</p>
<p>C2 We propose to issue guidance to assist CSF intermediaries to understand and comply with the specific obligations under the CSF regime to conduct checks to a reasonable standard.</p> <p>See Section C in the draft regulatory guide at Attachment 1.</p>	<p>C2Q1 Do you agree with this proposal? If not, why?</p> <p>C2Q2 Are there additional matters that you consider appropriate to cover in our guidance?</p> <p>C2Q3 Do you agree with the proposed guidance about what will be needed for a CSF intermediary’s documented process for requiring the provision of information by offering companies to be reasonable, as required by the Corporations Regulations? If not, why not?</p>
<p>D1 We propose that CSF intermediaries should provide annual information in relation to:</p> <ul style="list-style-type: none"> (a) the total amount raised by all eligible CSF companies through their platform; (b) successful CSF offers made through their platform; (c) unsuccessful CSF offers; (d) investors in CSF offers; and (e) operation of the platform, including use of outsourcing. 	<p>D1Q1 Do you agree with our proposal to require CSF intermediaries to provide information to ASIC on an annual basis about their operations?</p> <p>D1Q2 What specific information do you consider should be provided to ASIC? Please provide reasons.</p>

Proposal	Your feedback
<p>E1 We propose to require that, where a platform operator or nominee and custody services operator acquires shares under a CSF offer on instructions of a retail client, they ensure the client:</p> <ul style="list-style-type: none">(a) has access to the CSF offer document;(b) can access the communication facility;(c) has acknowledged the general risk warning;(d) is provided with the cooling-off rights;(e) is not financially assisted by the CSF intermediary or its related party, or the offering company or its related party; and(f) only holds investments, made through and outside the platform or service, that are within the investor cap for offers by the offering company through the relevant CSF intermediary.	<p>E1Q1 Do you agree with the proposal? If not, why?</p>