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AUSTRALIA + NEW ZEALAND

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Nathania Nero  
Lawyer, Corporations  
Australian Securities and Investments Commission  
Level 5, 100 Market Street  
Sydney NSW 2000

By email: [csf@asic.gov.au](mailto:csf@asic.gov.au)

Dear Nathania,

## Consultation Paper 288 *Crowd-sourced funding: Guide for public companies (CP 288)*

Thank you for the opportunity to provide comment on the Draft Regulatory Guide to assist eligible public companies to understand their role and comply with their obligations when making offers of shares under the crowd-sourced funding (CSF) regime. Overall we are supportive of the Draft Regulatory Guide, and believe the proposed guidance, including examples and template, will prove a valuable resource for companies compiling CSF offer documents.

We have concentrated our feedback on *Section D: Preparing the offer document*, and have included comments on specific sections of the proposed guidance as per the numeric sequence they feature in the proposed guide.

### 1. Define material in the body of the proposed guidance, or in the key terms section.

**RG 000. 124** instructs users to consider if all material information about their company has been included in the offer document. We recommend AISC insert a definition of materiality in this section to avoid confusion. A suitable definition can be found in the accounting standards, AASB 101 *Presentation of Financial Statements* paragraph 7. We propose the following amendment to the Draft Regulatory Guide below:

~~Omissions or misstatement of an item~~ Information is considered material if it could, individually or in a group, influence the economic decisions that users make on the basis of the ~~CSF offer document financial statements~~. Materiality depends on the size and nature of the ~~omission or misstatement information~~ judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

### 2. Relocate Key Terms the front of the proposed guidance

We recommend *Key Terms*, currently located on page 71, be relocated to the front of the proposed guidance - between the current Contents page (page 3) and the Overview (page 4). As with other regulatory guidance issued by ASIC, many of the terms defined in

Chartered Accountants Australia and New Zealand

33 Erskine Street, Sydney NSW 2000  
GPO Box 9985, Sydney NSW 2001, Australia  
T +61 2 9290 1344 F +61 2 9262 4841

[charteredaccountantsanz.com](http://charteredaccountantsanz.com)

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*Key Terms* are integral to a full and accurate understanding of the proposed guidance. Placing the *Key Terms* prominently at the front of the guide increases the likelihood that users will be familiar with the terms prior to reading the proposed guidance, making them better placed to fully understand its contents.

### 3. Make the notes to the company's financial statements mandatory in CSF offer document

**RG 000. 140** states that a copy of the company's financial statements for the most recent financial year must be included as part of the CSF offer document. Table 18 on page 47 of the proposed guidelines defines financial statements for this purpose. We observe that the notes to the company's financial statements have been omitted from this section.

Sections **RG 000. 149 – RG 000.150** of the proposed guidance, ASIC discusses optional circumstances where it may be appropriate to include additional information - such as notes to the financial statements - despite acknowledging the importance of the notes to the understanding of a company's financial statements.

We strongly recommend that ASIC include the notes to a company's financial statements as a mandatory part of their CSF offer document. Best practice dictates that accompanying notes should always be considered an integral part of and should be read in conjunction with the financial statements. This is also a requirement for financial statements prepared in accordance with the accounting standards. We provide our suggested amendment to the Draft Regulatory Guide below:

This also applies to **Appendix CSF Offer Document S2.6 paragraph 4** (page 9/16 of the **Draft Regulatory Guide**): You ~~should also consider including the~~ **should also include the notes to the financial statements, particularly where they contain material information (which, if omitted, may cause the financial statements to be misleading).**

### 4. Make disclosure material events subsequent to financial year-end mandatory in offer document.

We strongly recommend that ASIC make disclosure in the CSF offer document of material events occurring between the CSF offer and the publication of the most recent financial statements compulsory not optional. By definition material information is likely to influence the economic decisions made by users. Therefore to omit such information risks misleading potential investors. We provide our suggested amendment to the Draft Regulatory Guide below:

**RG 000. 151** *If there has been an event that has had a material effect on your company since the date of its most recent financial statements, then you ~~may need to~~ **must** include a description of this event and the impact on your company to avoid the risk of your company's CSF offer document being misleading.*

### 5. Make disclosure of modified audit opinion in prior financial years mandatory in CSF offer document.

Where a company has received a modified audit opinion on their most recent financial statements, we strongly recommend ASIC require mandatory disclosure of this fact in the CSF Offer Document. We believe that a recently modified audit opinion constitutes material information about a company, and as such should be disclosed to potential investors. Further, a "going concern emphasis of matter" paragraph is not a modification

of the audit opinion, but rather is more accurately described as an “additional communication” in the audit opinion. We provide our suggested amendments for both matters to the Draft Regulatory Guide below:

**RG 000. 153** *However, if your company’s most recent financial statements have been audited (e.g. because it was a public company for financial years prior to the commencement of the CSF regime), you ~~should consider including~~ must include details of any modified opinion or additional communication by the auditor (e.g. a going concern emphasis of matter or qualification).*


**6. Modify wording regarding audit opinion to correctly reflect the level of assurance provided by an audit.**

We provide our suggested amendment to the Draft Regulatory Guide below:

**Appendix CSF Offer Document S4.2.2 paragraph 3** (page 15/16 of the **Draft Regulatory Guide**): *This means that the Company’s financial reports will not be subject to auditor oversight and, therefore, there will be no reasonable independent assurance that ~~of~~ the Company’s financial statements are free from material misstatement.*

If you have any questions regarding this submission, please contact Geraldine Magarey (Leader policy and thought leadership) via email; [geraldine.magarey@charteredaccountantsanz.com](mailto:geraldine.magarey@charteredaccountantsanz.com).

Yours sincerely,



**Rob Ward FCA AM**  
**Head of Leadership and Advocacy**

## Appendix: About us

Chartered Accountants Australia and New Zealand is a professional body comprised of over 115,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international capital markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.