



## Questions and answers CP288



B1Q1 Do you think our proposed guidance will assist companies to determine whether they and their offers meet the eligibility requirements? If not, why not? Is there any additional guidance that may be useful?

YES we believe the guidance is most adequate

B1Q2 Are the worked examples explaining the meaning of 'related parties' at RG 000.24– RG 000.27 useful? If not, what additional examples or guidance may be useful?

YES

B1Q3 Is the worked example on the calculation of the issuer cap at RG 000.48 useful? If not, what additional examples or guidance may be useful?

YES

B2Q1 Is our proposed step-by-step guidance on the process for making CSF offers useful? If not, why not? Do you have any suggestions for how it could be improved?

YES, very useful – the thing we are finding with companies approaching us to become CSF-ready is that there is a lot of matters the company needs to address before proceeding with formalities of a CSF Offer.

This can cause difficulties with emerging companies who have minimal funds to have their lawyers and accountants attend to matters such as:

- a) Formalizing financials and compliance with Accounting Standards
- b) Formalizing agreements not in writing, loans etc
- c) Locking in all IP matters, evidence etc
- d) Being thorough on their cash flow forecast
- e) Recognizing key dependencies and risks
- f) Determining exactly how much money is required and likely follow on funding
- g) Determining valuation of the entity
- h) Tidying up any options or C Notes, special class shares etc.
- i) Incorporating incentives for key exec team / ESP / ESOP etc.
- j) Having a thorough Business Plan
- k) Gauging degree interest from followers for the Offer
- l) Governance matters
- m) Board of directors - composition / fees / delegated authorities
- n) Grant availability
- o) R&D Tax concessions

There is no point a company moving to a CSF Offer preparation phase and incurring the legals and corporate fees BEFORE they have got their fundamentals in place.

We will provide very effective self-help templates and checklists to assist prospective CSF-Offer companies before they start committing to substantial legal, accounting and corporate fees.

B2Q2 Is our proposed guidance on the obligations and prohibitions that apply to CSF offers useful? If not, why not?

YES, very useful.

B2Q3 Is there any additional guidance on making CSF offers that may be useful? Please provide details.

NO

C1Q1 Is it useful for us to give detailed guidance on the prescribed minimum information requirements? If not, why not?

YES – the lack of minimum information and prescriptive guidance was the problem in other countries when they first introduced equity crowd funding – we believe the Australian regime is excellent

C1Q2 Do you agree that the minimum information requirements require disclosure of the information we have given guidance on? If not, please provide details.

YES

C1Q3 Do you agree with our proposed guidance that information about a company's business model and strategy should be included in a CSF offer document? If not, why not?

YES

C1Q4 Do you agree with our proposed guidance that the top three to five main risks facing a company's business should be included in a CSF offer document? If not, why not?

YES – often these companies are fragile in terms of key dependencies, hurdles to entering markets etc. and prospective investors need to know the specific and general risks relevant to that company.

C1Q5 Do you agree with our proposed guidance on the information about a company's capital structure that should be included in a CSF offer document? If not, please provide details.

YES definitely – companies may have different classes of shares, options, C Notes etc and the reader needs FULL details of the capital structure to make an informed investment decision.

Interestingly we are getting questions from CSF-Offer aspirants about how they can include incentive shares and options so that whilst there is dilution per the capital raise there may be some clawing back or incentive to the entrepreneurs who strive to realize capital outcomes for shareholders above a high-water mark. We feel the management team / board need to outline any incentive type mechanisms they may wish to introduce post the CSF offer.

C1Q6 Do you agree with our proposed guidance on the financial information that should be included in a CSF offer document? If not, please provide details.

YES

C1Q7 Do you agree with our proposed guidance on information about the use of funds that should be included in a CSF offer document? If not, please provide details.

YES – without providing forward looking commentary it would be relevant to know if the Funds raised per the CSF Offer are estimated to be sufficient to get to break-even point or does the company contemplate needing follow on funding – in which case the CSF shareholders should in our opinion have a first right to follow on i.e. a Rights Issue style regime where the ORDINARY shareholders have Rights in future share issues (ord f/p).

C2Q1 Is the template CSF offer document useful? If not, why not? Do you have any suggestions on how can it be improved? Please provide details.

Yes, most useful

C2Q2 Do you agree with the instructions in the template CSF offer document? If not, please provide details.  
YES, very clear and concise

C2Q3 Is the example content in the template CSF offer document useful and appropriate? If not, please provide details.  
YES

C3Q1 Do you agree with our proposed guidance on when a CSF offer document may be defective? If not, please provide details.  
YES

C3Q2 Is our proposed guidance on the steps that a company can take to rectify a defective offer document useful? If not, why not? Is there any additional guidance that may be useful?  
YES

D1Q1 Is our proposed guidance on the temporary concessions useful? If not, why not? Is there any additional guidance that may be useful?  
YES

D1Q2 Is the example illustrating when the concessions may cease to apply useful? If not, why not?  
YES

E1Q1 Do you agree with our proposal to update ASIC Corporations (Consents to Statements) Instrument 2016/72? Is all of the proposed relief (for example, the relief for trading data and geological reports) necessary? If not, why not?  
YES

Lodged this 2<sup>nd</sup> day of August 2017 by:



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*find - follow - fund*

*get a crowd together*

*get ready for the crowd*

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