Wholesale Investor relies on the exemption in acting for Private and unlisted entities (entities) in assisting the particular entity to achieve a profile with wholesale investors (Wholesale Investor's marketing and market specifically excludes retail investors - it provides entities profiles to only sophisticated investors).

It is used by entities in various across many sectors including Renewable Energy, Life Science, Deep Tech, Advanced Manufacturing, Agritech, Fintech. Healthtech and nearly ever sector connected to innovation.

Wholesale Investor provides a true introduction service and does not act as an intermediary. It does not handle securities or interests in MISs nor does it take in or receive funds for securities or interests.

Its business model is to introduce the entity to its sophisticated investor network and thereafter let the entity and the sophisticated investor deal with each other and conclude an investment or not. After the introduction, it is a matter for the entity to satisfy the fundraising, financial product disclosure and hawking requirements. If the entity does not satisfy the requirements, then the sophisticated investor would have rights against the particular entity for any breaches of the legislation. However, although this is the theory (of the responsibilities and obligations under the legislation of the entity to the sophisticated investor), Wholesale Investor has heard of no complaint by any sophisticated investor against any entity to whom Wholesale Investor has provided services over the 13 years.

The substantial majority of entities who use the services of Wholesale Investor have enormous difficulty in gaining market visibility cost-effectively, which is why the services of Wholesale Investor are so valued.

In the past 3 years, Wholesale Investor has assisted approximately 700 entities to gain market visibility and has enabled in that time for sophisticated investors to assist various entities with investments exceeding $225M+. High net worths are one of the largest contributors to the Australian funding ecosystem, especially in the **more technical sectors** such as Renewable Energy, Life Science, Deep Tech, Advanced Manufacturing, Agritech, Fintech and other sophisticated areas. They are also **significant contributors to B2B businesses** which typically have longer innovation cycles and go to market timeframes.

The crowd-sourced funding legislation does not meet the same market niche which Wholesale Investor satisfies, as it focuses more on B2C type businesses. Indeed **Regulatory Guide 262 – Crowd-sourced funding: Guide for intermediaries** provides at RG 262.22 'This guide does not apply to entities operating a business introduction service.'

Wholesale Investor provides a valuable service in the market which is appreciated by both the entities it introduces and the sophisticated investors who respond to the introductions. Our ecosystem includes 32,000 subscribers who have all acknowledged the class order warning and regularly attend activities designed to facilitate matchmaking.

In 13 years, we have seen 10 of our clients become $1billion+ companies (Unicorns), 65+ successful exits via IPO or Merger and Acquisition and many 10x+ returns.

The business introduction service exemption enables Wholesale Investor to provide a **cost-effective service** to the financial market participants. It is an enabler of the financial markets and if the exemption is not extended it would be unable to provide the same services at the same price. In addition, it must be noted that the service is only an introduction service and the regulation of fundraising, financial product disclosure and hawking requirements is maintained (and not undermined) as the entities Wholesale Investor introduces must comply with same.

We invite you to assess the services by visiting https://wholesaleinvestor.com.au/.

Can you please advise if we can have additional time to provide more information, as we only discovered the need for the submission today?

The purpose of this submission is to provide guidance on what has worked and to provide suggestions to extend the Class Order 02/273.

In the years since Class Order 02/273 was created, the market for startups and venture capital has drastically changed.

In the last 6 years, the space has expanded significantly, and we have seen the rise of software lead businesses that have raised substantial amounts of capital. It has also become more accessible for B2C (business to consumer) businesses to raise money from their supporters. However, there are still some significant gaps in the startup funding landscape.

The Class Order 02/273 has been foundational legislation that has assisted innovation in Australia to boom over the last 10 years. The suggestions below are designed to bring the legislation up to date and inspire more innovation, activity, and funding in the areas currently not supported by the existing ECF legislation.

Current legislation impedes the expansion of key technical areas like Renewable Energy, Life Science, Deep Tech, Advanced Manufacturing, Agritech and other sophisticated areas. This is shown in the grant recipients in programs like Accelerating Commercialisation

These impediments have resulted in;

1) Few VC Funds have the capacity, internal resources or desire to invest in these sectors

2) Investors (not defined as sophisticated) who have desire and capacity have minimum to no ability to participate in the space

3) Companies need to List on the Australian Stock Exchange to access capital earlier than they desire. This often impacts their long-term growth potential with the significant compliance requirements, public markets scrutiny and minimal coverage from Fund Managers of Microcaps.

4) Companies seeking capital offshore - This is still very common as companies feel they are unable to get the funding traction they need in Australia

5) Companies are unable to raise the total amount of capital they require to fund their growth because of the limitations.

6) A lack of professional service providers looking to assist these companies with the capital they require - choosing to work with later-stage companies

7) Technical companies often end up relying on Government initiatives like Accelerating Commercialisation By making it easier for Sophisticated Investors to participate in technical companies, it will remove the burden on Government to fill the gap.

Class Order 02/273 Suggestions for 2022 and Beyond

The suggestions are from the perspective of a platform operator who has worked diligently under the legislation for 13 years and experienced these limitations first-hand. Our suggestions are below;

1) Expand the 20 / 12 / $2m rule should be extended to 50 / 12 / $5mill
Technical businesses require additional capital in the early stages. Expanding the 20/12 legislation to 50/12 (50 non-sophisticated investors, in 12 months) would allow companies to attract more capital without needing to list on the ASX. It would provide them with the mechanism and time to invest in their IP and commercial strategy.

2) Sophisticated Investor test can either be by Assets / Income or by simple assessment
Expanding the sophisticated investor provision to include a simple assessment around an investor's risk understanding and capacity to participate in venture opportunities. This would allow more investors that have wealth (but may not pass the financial requirements) to participate in the space

3) Allow for operators to form syndicates - as long as there are less than 50 people in each syndicate

- Over the last few years, syndicates have become a popular way for investors to support startups. However, the complexity, licensing and cost associated with setting them means that operators have a significant cost burden in launching.
- By allowing operators to form syndicates under the class order, you will be facilitating more active participation in the space, with less risk.
- If not under the class order, there should be waivers for AFSL holders with the wholesale investor securities dealings

4) Move the limit of companies raising under the Class Order from $5mill to $20 million for Sophisticated Investors

With the expanding costs of HR, Technology, and general business operations, the $5 mill threshold is now quite restrictive. Companies are consistently raising greater than $5mill in seed rounds, showing the maturing of the space

While these suggestions are not radically different from the existing framework, they expand on a critical exemption. The current class order has enabled many startups who have gone on to be excellent contributors to the Australian economy in terms of jobs, opportunity and also investment in the next generation of startups.