

CrowdfundUP

Submissions to the Senate Economics Legislation Committee

Corporations Amendment (Crowd-sourced Funding) Bill 2016

It is with great pleasure that CrowdfundUP Pty Ltd (CFUP) make these submissions in response to the Corporations Amendment (Crowd-sourced Funding) Bill 2016.

CrowdfundUP is a crowdfunding provider launched in 2014. To date, CrowdfundUP has completed five crowdfunding deals raising a total amount of capital of \$6.5 million. CrowdfundUP currently provides a facility enabling real estate crowdfunding but intends to launch a separate platform to help facilitate small business raise capital from the crowd once the Corporations Amendment (Crowd-sourced Funding) Bill 2016 has been enacted.

The author of these submissions is the Founder and Managing Director of CrowdfundUP, Mr. Jack Quigley. Mr Quigley would be pleased to speak to the following, or any additional points, at any public hearing that the Committee may hold.

Contact Details

Jack Quigley

Founder and Managing Director, CrowdfundUP Pty Ltd

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9 January 2017

Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Sir or Madam,

**Corporations Amendment (Crowd-sourced Funding) Bill 2016 – Submissions to the
Senate Economics Legislation Committee**

As the representative of CrowdfundUP, I welcome the opportunity to present these submissions to the Senate Economics Legislation Committee regarding the Corporations Amendment (Crowd-sourced Funding) Bill 2016.

INTRODUCTION

CrowdfundUP welcomes the amendment and reintroduction of legislation to enable the rapidly growing crowd-sourced funding market.

Submissions continued over page.





SUBMISSIONS

1. CrowdfundUP supports the amendments to the Corporations Amendments

Crowd-sourced Funding Bill 2016, including:

- 1.1 Increasing the eligibility cap from \$5 million to \$25 million of gross assets and annual turnover;
- 1.2 CrowdfundUP agrees the maximum amount of capital that a company may raise via CSEF should be limited to \$5 million, however strongly believe that this funding cap should be revisited 12 months after the Bill receives royal assent;
- 1.3 Reducing the cooling off period from 5 working days to 48 hours, however, CrowdfundUP believes that a cooling off period be totally eliminated to provide the surety to live projects remove the possibility of misrepresentation;
- 1.4 Modifications regarding transitioning to a public company and audit exemptions;
- 1.5 CrowdfundUP supports the premise that all platform operators must hold an AFSL

2. Ongoing Concerns

CrowdfundUP reiterates its fundamental concerns with the draft Bill:

- 2.1 CSEF for Pty Ltd companies still needs to be implement;
- 2.2 Debt crowdfunding us not been addressed – Australia is fast falling behind its regional neighbours in the aspect. This month, Indonesia launched its debt crowdfunding framework;
- 2.3 CrowdfundUP firmly believes that royal assent for this legislation should be 28 days at most. This will allow ASIC a quick and efficient manner to start assessing licence applications. Currently, AFSL application can take up to a lengthy 12 months to process





3. Liability and Penalties

3.1 CrowdfundUP supports the principle that the legislation should reasonably protect investors in crowd-sourced funding transactions, and that appropriate remedies should be made available if CSF intermediaries do not act reasonably and responsibly;

3.2 However as currently drafted, CSF intermediaries are subject to undefined, broad and subjective standards ('reasonable standards') when posting a CSF offer document. CrowdfundUP is concerned that these provisions will allow investors to take action simply as a result of a failed investment, rather than as a result of the failure of the CSF intermediary

3.3 CrowdfundUP believes the combination of these provisions places an unreasonable burden on CSF intermediaries

CONCLUSION

CrowdfundUP believes the Corporations Amendment (Crowd-sourced Funding) Bill 2016 should be enacted at the earliest possible time, as any further delay to royal assent may cause Australia to fall even further behind its regional neighbours.

I would be pleased to speak to the following, or any additional points, at any public hearing that the Committee may hold.

Jack Quigley
Founder and Managing Director, CrowdfundUP

