

## Overview

This Question was raised in the CAMAG Discussion Paper on Crowd Sourced Equity Funding (CSEF).

We want your response to this specific question.

There are some basic rules when responding that should enable this page to function effectively.

### **Rules:**

1. There can be multiple view-points and responses per question.
2. You can choose to identify your response or just leave your written thoughts.
3. This document is for the collection of information. Ultimately each submitting entity will curate it's own entire response, but will hopefully, incorporate some of the responses below.
4. If taking someone to task or debating the merits of their ideas is more your scene, do this on the [Linked-In group](#) page.

**Question 6** What provision, if any, should be made for each of the following matters as they concern CSEF intermediaries:

- (i) permitted types of intermediary (also relevant to Question 5):
  - (a) should CSEF intermediaries be required to be registered/licensed in some manner
  - (b) what financial, human, technology and risk management capabilities should an intermediary have for carrying out its role
  - (c) what fair, orderly and transparent processes must the intermediary be required to have for its online platform
  - (d) should an intermediary be required to have an internal dispute resolution and be a member of an external dispute body, such as the Financial Services Ombudsman
- (ii) intermediary matters related to issuers: these matters include:
  - (a) what, if any, projects and/or issuers should intermediaries not permit to raise funds through CSEF
  - (b) what preliminary/ongoing due diligence checks should intermediaries be required to conduct on issuers and their management
  - (c) what preliminary/ongoing due diligence checks should intermediaries be required to conduct on the business conducted by issuers
  - (d) to what extent should intermediaries be held liable for investor losses resulting from misleading statements from issuers made on their websites
  - (e) to what extent should intermediaries be held liable for investor losses resulting from their websites being used to defraud investors
  - (f) what possible conflict of interest/self-dealing situations may arise between issuers and intermediaries (including intermediaries having a financial interest in an issuer or being remunerated according to the amount of funds raised for issuers through their funding portal), and how these situations might best be dealt with
  - (g) what controls should be placed on issuers having access to funds raised through a

CSEF portal

(iii) intermediary matters related to investors: these matters include:

- (a) what, if any, screening or vetting should intermediaries conduct on investors
  - (b) what risk and other disclosures should intermediaries be required to make to investors
  - (c) what measures should intermediaries be required to make to ensure that any investment limits are not breached
  - (d) what controls should be placed on intermediaries offering investment advice to investors
  - (e) should controls be placed on intermediaries soliciting transactions on their websites
  - (f) what controls should there be on intermediaries holding or managing investor funds
  - (g) what facilities should intermediaries be required to provide to allow investors to communicate with issuers and with each other
  - (h) what disclosure should be made to investors about being able to make complaints against the intermediary, and the intermediary's liability insurance in respect of the role as an intermediary
  - (i) what disclosure should be made about the commission and other fees that intermediaries may collect from funds raised
  - (j) what, if any, additional services should intermediaries provide to enhance investor protection
- (iv) any other matter?

**Enter Responses below**

Open to responses