

Crowd-sourced equity funding may become a reality for private companies in 2018

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Crowd-sourced equity funding is one step closer to being opened up to private companies in Australia in 2018, following the passing of *Corporations Amendment (Crowd-sourced Funding for Proprietary Companies) Bill 2017* by the House of Representatives last week.

The Bill

The Bill amends the *Corporations Act 2001* by extending the crowd-sourced equity funding (**CSF**) framework (that came into effect on 29 September 2017) to eligible private companies. Our previous article provided an overview of the Bill, which [you can read here](#).

Unlike equity crowdfunding regulations in the United Kingdom, United States and New Zealand, the CSF framework currently extends to small, unlisted public companies only and excludes private companies. Therefore, 99% of Australian companies are presently excluded from using the CSF regime in Australia.

Possibilities and responsibilities for proprietary companies

Passing of the Bill will open up CSF and provide the possibility of a new source of funding for proprietary companies that meet the eligibility requirement.

Parliament has sought to protect investors by requiring companies utilising the CSF regime to meet additional obligations. For example, small proprietary companies are generally not required to provide annual financial and directors' reports to shareholders. However, proprietary companies that have CSF shareholders will be required to do so. For a more detailed discussion of the key features of the Bill, including an overview of key practical matters for proprietary companies, [see our previous article here](#).

What happens next?

The Bill will progress to the Senate for consideration, with the amendments to take effect six months after the Bill receives Royal Assent. We hope to see proprietary companies accessing CSF in Australia later in the year.

If you would like to discuss the Bill or how crowdsourced equity funding could benefit you or your company, please contact HopgoodGanim Lawyers' [Corporate Advisory and Governance](#) team.

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