

To whom it may concern,

2012 - 13 was the year when the power of Crowd Sourced Equity Funding (CSEF) became apparent to me.

I undertook a masters thesis in CSEF, got to know it's luminaries, and became intimately familiar with this burgeoning industry and it's emerging opportunities.

I also took an active interest in the last public consultation run through CAMAC (Corporations and Markets Advisory Committee). At that time, I was shocking to see the final recommendations to treasury moved counter to the recommendations of the best minds in emerging the CSEF sector devised by an insular group with no real start-up experience. The legislation that emerged thereafter effectively sucked out all the innovative, disruptive potential CSEF represented. In light of CAMAC's findings to be contrary industry experts, one could understand any reluctance quality contributors might have in participating in another public consulting to provide the same recommendations submitted in 2013!

Progressive territories in our region, including New Zealand and Singapore have fostered the development of this emerging mechanism to democratise finance, by giving unsophisticated investors access to venture capital opportunities. Equitise moved to New Zealand, other local (Australian) platforms moved to focus exclusively on sophisticated investors. These platforms, became in effect, private, sophisticated investor clubs, rather than "crowd-regulated" marketplaces where all investors and start-ups could easily connect.

Australia now lags behind other countries who are genuinely committed to cultivating a thriving start up sector. Where Crowd-Sourced Equity Funding was, in effect, invented in this country by the Australian Small Scale Offerings Board, bureaucratic legislators lacking ambition, conviction and courage have destroyed opportunities for innovation in a sector designed to deliver innovation.

What seems to be missing from the thinking, is an understanding of how Start-up businesses grow and succeed and how Crowdsourced equity funding works successfully.

The requirement for onerous annual financial director's reports, and audited financial statements for raises exceeding \$1M, does not protect investors. To

the contrary, it puts a significant, and unnecessary financial and time-to-execute burdens on these emerging businesses that can actually increase the risk to investors. All the frothing hysteria around protecting investor risk by forcing start-ups to pay for financial services, fails to see the evidence, that Crowd Sourced due-diligence amongst investor networks is a far more powerful approach to keeping people honest. Founders make themselves and their companies available for public scrutiny, and are still subject to laws related to fraud and so forth. Further, the legislation has made CSEF an undesirable approach to raising capital.

Stalling with effective legislation has cost many people in this fledgling industry, time, money and opportunity. Legislation should be drafted based on actual evidence, not the hypothetical scenarios dreamed up by the pundits in the Treasury department. Look to across the ocean, you will see rapidly growing and thriving Crowd sourced equity markets all over the world.

It is my hope that by 2018, the Australian government is able to transcend its juvenile obsession with bureaucratic step processes, and gets out of the way so MARKETS have the unencumbered opportunity to develop an effective and functioning equity crowd funding start-up industry.

Sincerely,

Brett Elliott