

# Equity Crowdfunding: The New Stock Exchange

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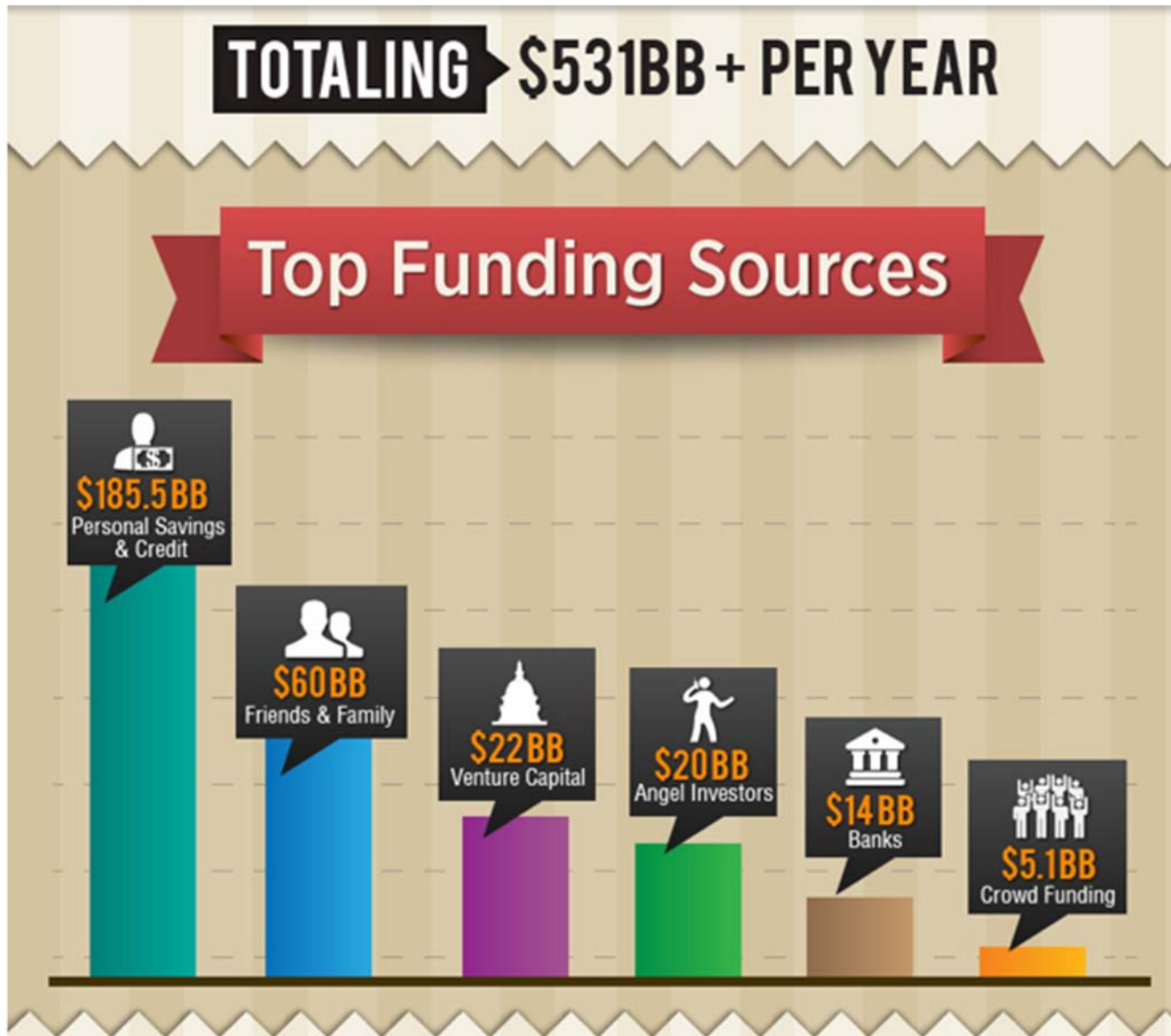


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SFU

# For SMEs (2012)



# Access to Equity Capital

- Family Friends Relatives only go so far
- Less Venture Capital; mainly pre-IPO stage
- Public Markets (IPO – later stage, costly)
- What about angels?  
Great, but <1% of population
- What about everyone else?  
(the crowd!)



## What About The Other 99%?

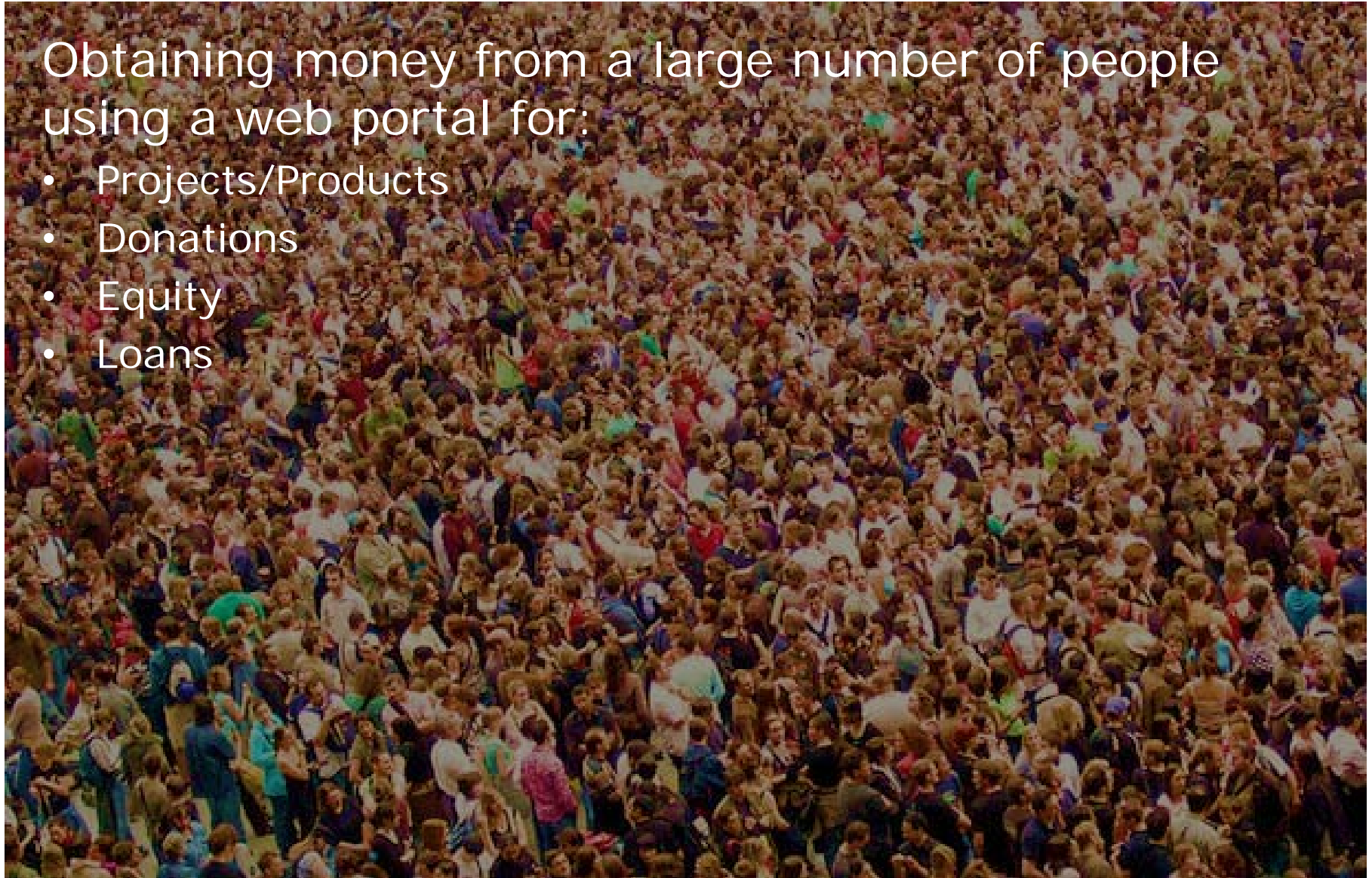
- CROWDFUNDING is a HOT TOPIC in U.S.A
- But...non-angels will be limited to very small amounts (2% of income or \$2.5K max or 10% of income if over \$100K)



# What is “Crowdfunding”?

Obtaining money from a large number of people using a web portal for:

- Projects/Products
- Donations
- Equity
- Loans



# Project Crowdfunding Works Well

**KICKSTARTER**

What is  
Kickstarter?

Discover  
great projects

Start  
your project

Search projects

HELP SIGN UP LOG IN

## Pebble: E-Paper Watch for iPhone and Android

by [Pebble Technology](#)

Home Updates **20** Backers **68,929** Comments **8,393**

Palo Alto, CA Product Design

**Funded!** This project successfully raised its funding goal on May 18.



**68,929**

backers

**\$10,266,845**

pledged of \$100,000 goal

**0**

seconds to go

Project by



Secure Search

# The Law (in many countries)

It is **ILLEGAL** to sell shares to anyone unless...

- You use a PROSPECTUS & are a REGISTERED dealer, or
- Use an “Exemption” to the PROSPECTUS & REGISTRATION Requirement



# Regulatory Exemptions

- Family, friends, business associates
- Rich people (angels, “accredited”)
- Minimum \$150K per investor
- Offering Memorandum
- Crowdfunding Exemption

These Vary From Country To Country





# Crowdfunding Exemption (typical)

- \$1,500 max per person
- \$150,000 max total for company
- Funding “Portal” – this is key!
- Streamlined offering document



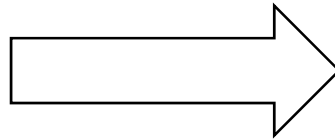
# Why Not Call It Gambling?

- The odds are a “little” better than gambling.
- Fact: Most startups fail. 90% fail in less than two years.



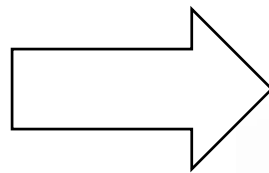
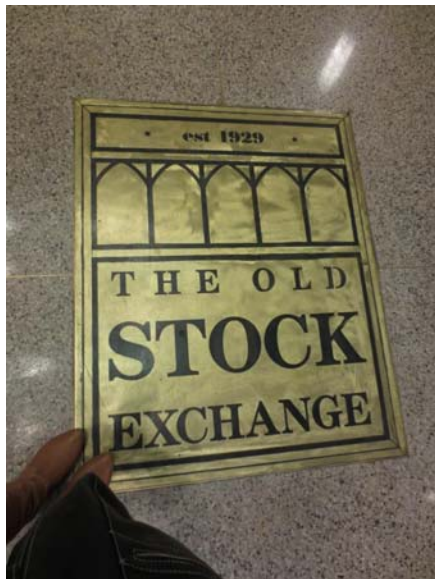
# What about Fraud?

The Power of the Crowd: Social Media will ferret out the crooks



# Challenges

- Who owns the Company (Transfer Agent?)
- Understanding the RISK – most companies fail
- Getting in is EASY; getting out may never happen
- The internet is the New Stock Exchange (ie



# Portals

- Will be the new stock exchanges
- Will offer payment/clearing services
- Transfer agent activities
- After-market liquidity (hopefully!)
- Reporting of financial results, etc

# Popular Portals

- [assob.com.au](http://assob.com.au) (Australian pioneer)
- [crowdcube.com](http://crowdcube.com) (U.K. leader)
- [equitynet.com](http://equitynet.com) (US)
- [angel.co](http://angel.co) (Angel List)
- [seedups.ca](http://seedups.ca) (Canada)



**AngelList**



# Global Update

- UK, Australia were among the first portals (crowdcube, AASOB)
- USA – JOBS Act – expect something soon (angelist, equitynet)
- Mexico, Latin America – up & running (idea.me, broota, cumplo)
- India (KIVA for microlending), more to come
- Europe (see top 15 – next slide)

# Europe – Top 15 Portals

- Crowdcube, UK
- Funding Circle UK
- OurCrowd, Israel
- Ulule, France
- FundedByMe, Sweden
- MyMicroinvest, Belgium
- Symbid, Netherlands
- KissKissBankBank, France
- Goteo, Spain
- Seedrs, UK
- Boomerang, Denmark
- Derev, Italy
- Companisto, Germany
- Invesdor, Finland
- Wemakeit.ch, Switzerland



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