

## Guidelines: Investor Meetings

In accordance with ASIC Class Order [02/273] *Business Introduction or Matching Services (Class Order)* an investor meeting means “any meeting between an Issuer or Seller and potential investors which is organised and conducted by an Operator and not held at premises of any potential investor”.

The investment process often begins with companies holding an information event to directly discuss the company’s proposed business plans and future opportunities with potential investors. This Meeting provides an opportunity for Investors to meet the directors of the company and key members of the management team to review the business plan and conduct initial due diligence on the company and the investment project. It is also an important time for the management team to demonstrate their understanding of their business and ability to achieve the strategies outlined in the plan.

The Australian Securities and Investment Commission (**ASIC**) acknowledges that meetings with potential investors are important as part of the due diligence and fact finding process about a company and therefore, the Class Order provides relief from restrictions in relation to the publishing and promotion of investment opportunities by allowing business introduction or matching service providers (**Operator**) to conduct meetings between interested investors and issuers of securities provided certain conditions are met.

The following information is designed to provide guidance on how an Investor Meeting should be conducted to ensure compliance with the Class Order.

### Promotion of Offers - Generally

Remember, *section 708 of the Corporations Act 2001 (Cth)* (the **Act**) **does not** entitle a company to freely advertise its offer to issue or sell securities, which extends to the promotion or advertisement of its own meetings for the purposes of fund raising.

*Section 734(1) of the Act* states that *no advertising or publicity is allowed for small scale offers made under the 5708(1) exemption* and simply put, the Act prohibits the promotion and advertising in relation to small scale offerings.

And whilst pursuant to *sections 708(8), 708(10) and 708(11) of the Act*, companies may promote their offer of securities to sophisticated, institutional (offers made through financial services licensees) or professional investors subject to certain conditions and exemptions such as *736(2)(a) (Exemptions to prohibitions of prohibited securities hawking)*, to avoid any suspected breach of *5727(1)* in relation to offering securities to investors without a disclosure document, such investors must first be qualified as excluded investors prior to receiving information in relation to the offer of securities.

## The Investor Meeting

1. **Communicate** the Investor Meeting:
  - a) Company – the company should personally invite those people within its network who are known to the company as “persons interested in offers of this kind” to a company information session and investor meeting. Such an invitation is to be made personally and should indicate the circumstances in which the company knows the invitee and how the company has determined that the invitee may be interested in the company’s offer of securities.
  - b) Operator – an Operator can make or call attention to offers of securities on behalf of a company. The Class Order permits the Operator to publish the name and logo of a company and promote the company’s offer of securities to investors, provided the investor has subscribed to the Operator’s contact network by way of subscription service and the Class Order Warnings and Prominent Statements are included in the publication.
2. **Conducting** the Investor Meeting
  - a) At the commencement of the Investor Meeting, to satisfy the First Exemption 3(k)(ii), the Operator must read aloud the “Prominent Statements”, as follows:
    - (A) a prospective investor should obtain further information from the Issuer or Seller and conduct further enquiries about the proposed investment and the securities or scheme interests that may be issued, or sold before applying for or buying those financial products;
    - (B) requests for further information about a proposed investment and the relevant securities or scheme interests may be made to the Issuer or Seller (as the case may be);
    - (C) a prospective investor is strongly advised to take appropriate professional advice before accepting an offer for issue or sale of any securities or scheme interests, including advice about whether the proposed investment is suitable for that person’s circumstances;
    - (D) no contract for the issue or sale of the securities or scheme interests discussed at a Meeting shall be entered into on the day of the Meeting between an Issuer or Seller and a prospective investor who attended the Meeting; and
    - (E) a contract for the issue or sale of securities or scheme interests discussed at a Meeting entered into during the period of five business days commencing on the date of the Meeting, with a prospective investor who attended the Meeting, is voidable at the option of the prospective investor, without penalty or forfeiture, during the period of ten business days commencing on the date of the Meeting.

- b) Similarly, at the commencement of the Investor Meeting the Operator must ensure that these “Prominent Statements” are circulated in writing to each person attending the Meeting.
- c) It is important for the Operator to take reasonable steps to ensure that no material provided at an Investor Meeting, either written or verbal, about the relevant offer of securities contains any false, misleading or deceptive statements.
- d) It is similarly important to remember that the Class Order prohibits any attendee of an Investor Meeting being provided or issued with a Share Application Form on the day of the Meeting.
- e) It is essential that the Operator retains information regarding Investors who attended the Investor Meeting, as such an investor will be subject to a ‘cooling-off’ period of ten (10) business days if they received an application for securities and subscribed for the securities within five (5) business days from the date of their attendance at a Meeting, wherein they may withdraw their investment in the company.

## **Media attendance at Meetings**

In the event the company wishes to have a launch of their offer of securities in the presence of the media, media may attend the information portion of the Meeting but are not permitted to attend the Investor Warning session unless they comply with the Class Order requirements as per any investor.

In the event media representatives attend the Investor Meeting, they must be advised that failure to comply with the following conditions may have a detrimental impact upon the company’s offer.

The media should be notified to refrain from publishing any information in relation to:

- a) the details of the offer of securities; and
- b) the fact that the company will be listed or proposes to be listed on the Australian Small Scale Offerings Board.

The media however can publish information in relation to:

- a) the company;
- b) the development, activities, strategy of the company;
- c) future information evenings;
- d) if the company has previously raised capital which has been fully subscribed, information on the amount of fundraising and how those funds were applied; and
- e) officers or key personnel of the company.

No cameras or recordings should be allowed during the Investor Meeting.