**Raisings Funds for Innovative Start-ups through Online Portals:**

**Consob survey questionnaire**

**21 January 2013**

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| Responses to this questionnaire should be submitted by 8 February 2013 using **SIPE – Sistema Integrato per l’Esterno**   * *online* via **SIPE – Sistema Integrato per l’Esterno** * or alternatively:   C O N S O B  Divisione Strategie Regolamentari  Via G. B. Martini, n. 3  00198 ROMA  For technical support or request for clarifications on the content of the questionnaire and its submission, you can contact:   * Dr.ssa Francesca Fiamma, 06 – 84 77 768, [f.fiamma@consob.it](mailto:f.fiamma@consob.it) * Dr. Davide Zaottini, 06 – 84 77 598, [d.zaottini@consob.it](mailto:d.zaottini@consob.it) * Avv. Vittorio Mirra, 06 – 84 77 897, [v.mirra@consob.it](mailto:v.mirra@consob.it) * Dr. Toni Marcelli, 06 – 84 77 914, [t.marcelli@consob.it](mailto:t.marcelli@consob.it)     **Comments received will be processed and disclosed in an aggregate and anonymous form.** |

**I. Introduction**

The term “Crowdfunding” is commonly used to indicate the practice of funding (or facilitating the financing of) an entrepreneurial project by raising many small amounts of money from a large number of people via the Internet.

The Italian Decree-Law n. 179/2012 (known as the “Growth Decree”, converted with amendments into Law no. 221, 17.12.2012) has modified the Consolidated Law of Finance (CLF) allowing innovative start-ups to raise funds through Italian online funding portals that have been registered by Consob and provided that, among other things, the total amount of each offer is lower than 5 million of Euros[[1]](#footnote-1) and that the portal transmits the orders regarding the underwriting of financial instruments representing capital exclusively to banks and investment companies (similarly to “equity-based crowdfunding” model)[[2]](#footnote-2).

Consob has been delegated by the Decree-Law to rule on some “technical” aspects implementing primary dispositions by March the 19th, 90 days from the entry into force of the law of conversion of the above-mentioned Decree.

In particular Consob shall regulate:

1. management of portals for the collection of capital for innovative start-ups (new article 50-*quinquies* of the CLF),
2. the offers via portals for the collection of capital (new article 100-*ter* of the CLF).

With regard to the activity of on-line funding portals, the Italian legislator in the Report of the Decree stressed the need to “safeguard the reliability” of such entities to whom the law deserves a favourable discipline. The new Consolidated Financial Law provides:

1. registration and regulation easier than those generally applicable to firms providing investment services;
2. a number of exemption from rules of conduct and from the general discipline of distance marketing of investment services and activities and financial instruments.

With regard to the public offerings conducted via one or more portals dedicated to the collection of capital, Consob shall establish a discipline that responds, according to the above-mentioned Report of the Decree, to the need of protecting “retail investors other than professional clients” identifying those measures that enable the first ones to make informed investment choices (e.g. by providing some tools to make an assessment of the risk/return profile of the securities to be offered on the portal).

According to the best practices in the field of Better Regulation, Consob rules should achieve the objectives aimed at investor protection without, however, design excessively “burdensome” provisions for funding portals and start-ups, with a view to facilitating easy access to the capital market for newly formed companies.

**II. Information about the respondent**

**Individuals:**

Last Name……………………………….

Name…………………………………………

Profession: …………………

Business Sector:

Banking [....] Financial [.....] Insurance [......] Other (please, specify)…………………………

E-mail:……………..

Telephone number: ………………………

**Entities:**

Name …………………………………………………………..

Intermediary [.....] Association [....] Law Firm [....] Other (please, specify)......……………

Business Sector:

Banking [.....] Financial [.....] Insurance [.....] Other (please, specify)…………………………

Contact person

Last Name………………………………………

Name ………………………….

E-mail:……………..........

\*

***It is possible to give further observations in responding to the open-ended questions, but please limit your comments to one page.***

**FOR (FUNDING) PORTALS**

1. Are you interested in equity *crowdfunding*? {YES } {NO }
2. Do you think that the portals should make a due diligence of the offers? {YES } {NO }
3. Do you think there is the need for IT skills among directors and officers?

{YES } {NO }

**Open-ended questions**

* What activities are needed, in your opinion, to put in place and carry out a management portal for equity crowdfunding?

{ }

* What investments are needed for the development of an equity crowdfunding portal and what are the costs?

{ }

* What kind of fees should be applied to the start-ups (admission fee/management fee)? How should they be determinate?

{ }

* What activities should the portal perform?

{ }

* How should the offers (of capital) be selected/accepted for the portal?

{ }

* Haw much personnel is needed for managing a funding portal?

{ }

* What skills are needed for the directors and the officers of a funding portal?

{ }

* Which services might be offered by the portal in addition to facilitating raising capital (whether for the purposes of the offer or in the next steps after its end)?

{ }

* Could it be possible for a portal to provide information about the securities offered (after the closing of the public offer)? How could this service be provided?

{ }

* What kind of conflicts of interest should be taken into consideration in regulating the activity of the funding portal (i.e. financial interests in issuers using its services)? Do you think that conflicts of interest should be regulated or that they can be managed by self-regulation?

{ }

**Potential Investors**

1. Do you know what *crowdfunding* is? {YES } {NO }
2. Are you interested in *equity crowdfunding*? {YES } {NO }
3. What are in your opinion the relevant risks related to the investment in the capital of an Italian innovative start-up?

*o Risk of loss of the entire investment* { }

*o Exchange rate Risk* { }

*o Illiquidity Risk* { }

*o Risk related to the lack of dividend distribution* { }

*o Risk related to the lack of information after the offer* { }

*o Other (please, specify) ..............................*

1. What are in your opinion the relevant risks related to the on-line offer of capital?

*o Risk of fraud* { }

*o Risk related to the lack of information* { }

*o Risk related to conflicts of interest* { }

*o Risk related to the invasion of personal data* { }

*o Other (please, specify) .............................................*

1. Do you think that the funding portal should inform investors about the characteristics of an investment in the capital of an innovative *start-up*? {YES } {NO }
2. In your view, the underwriting of a share of the offered capital by a professional investor should contribute to increase your confidence in the on-line offers of capital?

{YES } {NO }

If yes, which should be that share?

*o up to 10%* { }

*o from 10% to 20%* { }

*o more than 20%* { }

1. How much money would you consider to invest in the capital of an innovative start-up?

*o up to € 1,000.00* { }

*o up to € 10,000.00* { }

*o more than € 10,000.00* { }

*o less than 5% of your current annual financial availability* { }

*o between 5 and 10% of your current annual financial availability* { }

*o more than 10% of your current annual financial availability* { }

1. In which financial instruments are your savings invested?

*o* Treasury securities { }

*o* bonds { }

*o* equity { }

*o* bond funds { }

*o* equity funds { }

*o* other (please, specify) ................................................

1. According the Italian law the offers of capital via on-line portals aren’t under prospectus rules (it means that there isn’t a prospectus that describes the securities for potential buyers). Do you find it necessary that regulation requires the portals to publish on their web site a simplified document with indications that allows an easy access to the most relevant information relating to the innovative start-up (and the financial instruments to be offered)?

1. What is the key information to select investment alternatives (max 5)?
   1. Entrepreneurial project { }
   2. Directors *CVs* { }
   3. Financial information { }
   4. Geographical location of the company { }
   5. Forecast of future profits { }
   6. Risks associated with entrepreneurship { }
   7. Strategic and operational plans { }
   8. Risk of loss of capital { }
   9. Possibility of transfer of the securities purchased { }
   10. Part of the offered financial instruments underwritten by professional investors { }
   11. Perspectives of future listing / trading of innovative start-ups { }
   12. Clear and accurate representation of any case of conflict of interest related to the investment { }
   13. Other (please, specify) { }
2. If the majority shareholders of the innovative start-up transfer their own equity to third parties after the offer, how do you think the investment made through the online platform can be better protected:
3. adequate information on the new acquirer { }
4. right to resell the financial instruments to the new acquirer (and/or to the previous controlling shareholder) { }
5. right to resell the financial instruments to third parties { }
6. other (please, specify) { }

**Open-ended questions**

* What are in your opinion the most effective ways to ensure a correct understanding of the risks of loss of capital?

{ }

* What are in your opinion the most effective ways to ensure a correct understanding of the risks related to the difficulty/impossibility to sell promptly and at a significant price the instruments purchased

{ }

* After closing the offer, what kind of services or information do you expect to be provided by the portal?

{ }

* What special categories of investors, to whom a part of the securities offered via the portal may be reserved, could increase your confidence in investing in innovative start-up?

{ }

**Professional Investors/*venture capitalist /business angels***

1. What part of an on-line offer of innovative start-up capital would be willing to subscribe (please indicate the absolute amount and the percentage of the offered capital)?

{YES } {NO }

1. If case of an affirmative answer to the previous question n. 15, how long would you be inclined to keep possession of the subscribed capital? {YES } {NO }
2. Could the presence of an obligation for the issuer to buy-back the securities involved in the offer (at the end of a certain time) provide an incentive for you to subscribe? {YES } {NO }
3. What is the key information to select investment alternatives (max 5)?
   1. Entrepreneurial project { }
   2. Directors *CVs* { }
   3. Financial information { }
   4. Geographical location of the company { }
   5. Forecast of future profits { }
   6. Risks associated with entrepreneurship { }
   7. Strategic and operational plans { }
   8. Risk of loss of capital { }
   9. Possibility of transfer of the securities purchased { }
   10. Part of the offered financial instruments underwritten by other professional investors { }
   11. Perspectives of future listing / trading of innovative start-ups { }
   12. Clear and accurate representation of any case of conflict of interest related to the investment { }
   13. Other (please, specify) { }

**Open-ended questions**

* What are the expected benefits (financial or other) from the investments in innovative start-ups?

{ }

* What costs or fees are (or can be) applied to the start-ups for the services of a venture capitalist or a business angel?

{ }

***Innovative Start-Ups***

1. Have you already (or are you planning to) create an innovative start-up such as described in the Growth Decree (article 25)[[3]](#footnote-3)? {YES } {NO }
2. Are you interested in raising capital via on-line portals? {YES } {NO }
3. Have you already entered (or intend to enter into) contact with some advisors for the preparation of the activities needed to raise capital through an online portal? {YES } {NO }
4. If case of an affirmative answer to the previous question, what is the size of your financial needs?
5. up to 100.000,00 euro { }
6. from 100.000,00 to 500.000,00 { }
7. from 500.000,00 to 1.000.000,00 { }
8. more than 1.000.000,00 { }
9. What are the estimated costs (or those you would be willing to bear) in order to raise capital through online portals?

{ }

1. Would you accept a high level of transparency in order to have access to the offer of capital via online portals? {YES } {NO }

**Open-ended questions**

* If case of an affirmative answer to the previous question n. 19, what is your entrepreneurial project?

{ }

* Have you ever thought of “opening” your capital to other venture capital investors? How?

{ }

* What types of costs are incurred for the services of a venture capitalist? And for those of a business angel? If possible, please indicate also an amount.

{ }

* Who determines the subscription or sale price or of the securities offered via online portal, and how*?*

{ }

* What are the expected benefits of raising capital through crowdfunding? And what do you think are the risks?

{ }

**Data of completion (dd/mm/yyyy):\_\_\_\_/\_\_\_\_/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Signature**

1. Which is the threshold for the application of the prospectus discipline. [↑](#footnote-ref-1)
2. See Annex 1 for Crowdfunding rules. For the complete version of the Consolidated Law of Finance, see <http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm#sdfootnote460sym> . [↑](#footnote-ref-2)
3. See footnote n. 1 [↑](#footnote-ref-3)