The Present and Future of Crowdfunding

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Summary

- 1. What is Crowdfunding?
  - The JOBS Act of 2013, Regulation Crowdfunding
- 2. The Main Issue/Question: will allowing funding platforms to take greater fees from successful campaigns incentivize these platforms to ensure that investors are buying securities from higher-quality businesses?
- 3. Solution

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What is Crowdfunding?

"The practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet."

Types of Crowdfunding:
- Rewards-Based
- Donation-Based
- Equity
- Debt

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The JOBS Act and Regulation Crowdfunding

- Creates an exemption to the '33 Act's registering requirement for small companies who use equity/debt crowdfunding to raise capital
- Places limits on the amount of money issuers can raise
- Places limits on the amount of securities a single issuer can buy

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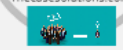

The Issue

What more can Regulation Crowdfunding do to protect investors?

- Inexperienced issuers + inexperienced investors + lack of due diligence requirements + start-up funding platforms
- Question: How can we use Regulation Crowdfunding to incentivize funding platforms to ensure the businesses using their websites are good quality?
- Answer: just a little bit of flexibility...

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The Solution

Allowing funding platforms the flexibility to take transaction-based compensation:
- rewards funding platforms for hosting successful campaigns
- incentivizes platforms to make sure that their businesses are of good quality and are making the right disclosures
- opens up another revenue stream that will allow for more resources devoted to due diligence

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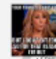

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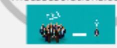

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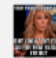

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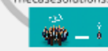

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