

# Registering a public syndicate in NSW

The GWIC Syndicates Policy provides for public and private syndicates.

The fees and requirements to register a public syndicate are much greater than those for a private syndicate. This is because other legislation applies to public syndicates, and the greyhound racing industry must comply with this legislation.

In order to register with GWIC, a public syndicate must provide the following information:

- Proposed name of the syndicate;
- Name, address and registration number (if already registered) of each member of the public syndicate;
- Name, address and registration number of the nominated syndicate manager, and proof of identification;
- A copy of the company's certificate of incorporation or registration; and,
- A copy of the company's Australian Financial Services Licence (or Authorised Representative status with an AFSL holder).

The reason for these requirements is that GWIC's requirements must align with the requirements of the Australian Securities and Investments Commission (ASIC).

This fact sheet provides information about what is involved in registering a public syndicate for the purpose of owning greyhounds. For more information about the difference between public and private syndicates, see the "Syndicates" fact sheet.

## How do I register my syndicate with ASIC?

According to ASIC's definitions, a public syndicate for greyhound ownership is a form of managed investment scheme. Therefore, before registering a syndicate with ASIC, you must:

- Obtain an Australian Financial Services (AFS) License or get an existing license holder to endorse your syndicate
- Prepare a syndicate 'constitution' explaining how the syndicate will run, how members money is managed and how you will resolve any disputes that may arise, among other matters (rather like a football club constitution).
- Prepare a syndicate 'compliance plan' explaining how the scheme will follow ASIC's rules and guidelines
- Nominate an auditor to oversee the compliance plan.

To register a syndicate as a managed investment scheme with ASIC, you'll need to complete an [ASIC Form 5100](#).

This involves:

- Providing the name, address of registered office, of the proposed responsible entity; and
- Confirming the name and address of a person who has agreed to be the auditor
- Attaching a copy of the syndicate's constitution
- Attaching a copy of the syndicate's compliance plan
- Attaching a statement signed by the directors of the proposed scheme (ASIC Form 5103)

## How do I get an Australian Financial Services License (AFSL)?

Obtaining an AFSL enables you to promote financial products and register a syndicate as a managed investment scheme with ASIC. You only need to obtain an AFSL once and you can register any number of syndicates so long as you continue to hold the license.

It is not a requirement that you personally hold an AFS-License to register a syndicate. However, if you don't hold a license, you must find someone who does to endorse the syndicate registration.

If you want to obtain an AFSL, there is an application process to be followed on the [ASIC website](#). The application process requires you to provide ASIC with confidence that you:

- are competent to carry on the kind of financial services business specified in the application
- have sufficient financial resources to carry on the proposed business, and
- can meet the other obligations of an AFS licensee (such as training, compliance, insurance and dispute resolution).

Providing ASIC with the confidence that you meet these criteria can require substantial documentation including your financial records, plans for how you will manage disputes with customers, plans for how you will ensure compliance with the legal requirements placed on AFS-License holders, and plans for how you will manage your customers' investments.

This is the same license that insurance brokers, traders, and financial advisors are required to hold. Therefore, the registration process can be complex, and you may want to seek legal advice before applying. Becoming an Authorised Representative of an existing AFS License holder is easier, but authorised representatives still have significant legal obligations.

Application fees for an AFSL range from approximately \$3,000 to \$11,000. More information on application fees is available on the [ASIC website](#).

## Will it cost me money to register?

Yes, there will be costs to register with ASIC, and these vary by individual circumstances. There are costs involved in:

- Registering with ASIC to become a public company,
- Obtaining an AFS License, and
- Registering with ASIC to become a "Managed Investment Scheme".

The costs for registering your company and obtaining an AFS Licence are one-off costs. Registration of a managed investment scheme is required every time you create a new syndicate and the costs of this registration could be in the order of \$3,000.

Depending on the size of your operations, there may be other costs incurred through the registration process such as obtaining legal advice. If you are operating at a smaller scale, you may feel comfortable doing this yourself.

These costs may vary substantially based on individual circumstances and experience.

One way you can reduce costs is to nominate an existing company who already has an AFS License to meet that requirement for you. This will require that company to carry some responsibility and risk attached to the operation of the syndicate, and would require a formal

agreement. You may also be able to purchase generic legal documentation for your syndicate (Product Disclosure Statements, for example) as another way of reducing your upfront costs.

There is also a fee to register the public syndicate with the Commission.

## How quickly can I get registered?

The full process through ASIC may take anywhere between weeks, months or longer depending on the time required for creating applications, reviewing the applications and seeking legal advice during each step in the process.

## How quickly can I start selling shares?

Once you have obtained an AFS License and registered your syndicate with ASIC you will be able to sell shares in compliance with ASIC requirements. If you already hold or are supported by an existing AFSL holder and have previously prepared the relevant management plans and Product Disclosure Statements, then registration times will be significantly reduced as most of this information can be re-used.

## What is a Product Disclosure Statement and when is it required to be given?

Anyone advertising, offering, or promoting shares in a greyhound syndicate is required by law to give prospective members certain basic information about the scheme in which they are investing. This information needs to be contained in a Product Disclosure Statement (PDS) that describes how the scheme works, their rights, and how their investment will be managed.

This is a requirement for any financial product. You may have been given a PDS by a bank or insurance company in the past. ASIC's expectations of greyhound syndicate promoters are no different and anyone promoting a syndicate must give prospective members a PDS before selling shares for the sale to be legally binding.

This is regardless of whether you are offering shares or a member of the public approaches you with an interest in buying shares. The onus is on the promoter to provide the consumer with all information they require to make an informed decision.

Failure to provide prospective members with a PDS may create a risk of legal action.

## If a PDS is required, what are the legal requirements that it needs to cover?

A PDS must describe the important features of the syndicate, the terms and conditions of membership, and the obligations on members.

Any PDS must include:

- **Name and contact details of issuer** (and seller if relevant) of the financial product (the greyhound syndicate)
- **Information about significant risks and benefits** associated with holding the shares in the syndicate
- **Cost** of shares in the greyhound syndicate and any associated fees or charges

- **Information about any winnings or similar payments, the times** those payments are to be received by syndicate members
- **Information about the dispute resolution procedures** available to syndicate members and how that system may be accessed,
- **Significant tax implications,**
- **Cooling off regime** (by law or otherwise),

**Any other information that might reasonably be expected to have material influence** of a reasonable person on whether to acquire the product.

## What happens if I don't comply with any of the above

The above requirements are **mandatory**.

If syndicate promoters do not comply, ASIC can refuse to register the syndicate as a managed investment scheme.

You can also be subject to enforcement penalties and winding up by ASIC, or liable for lawsuits.

The onus is on you to understand and fulfil your legal obligations. GWIC is not responsible for the monitoring of compliance with ASIC regulations and any question about those regulations should be directed to ASIC.

## Who do I contact if I have more questions?

ASIC Customer Contact Centre: 1300 300 630

Further information is available on the ASIC website at <http://www.asic.gov.au>.

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