



# DO YOU QUALIFY WHOLESAL INVESTOR?

## IF INVESTING LESS THAN \$500,000 THE FOLLOWING APPLIES:

In summary, an entity is a wholesale investor under the Corporations Act 2001 (Cth) if:

- 1 The price for the provision of the financial product, or the value of the financial product to which the financial service relates, equals or exceeds \$500,000; or
- 2 The financial product, or financial service, is provided for use in connection with a business that is not a "small business" (less than 20 employees or if a manufacturing business, less than 100 employees); or
- 3 The financial product or service is not provided for use in connection with a business and the person acquiring the financial product or service provides a certificate from a qualified accountant, obtained within the prior 2 years<sup>1</sup>, that he or she:
  - (a) Has net assets of at least \$2.5 million<sup>2</sup>; or
  - (b) Has a gross income for each of the past 2 financial years of at least \$250,000; or
- 4 The investor is a "professional investor" or a "sophisticated investor"<sup>3</sup>.
- 5 The investor is an "experienced investor"<sup>4</sup>. An Experienced Investor is a person or organisation that has had significant dealing and exposure to investment particularly related to unlisted property trusts or has qualifications or work experience that the trustee considers acceptable to qualify in this category. A prospective Experienced Investor is required to complete a certificate detailing occupation / profession, qualifications and investment experience.

Companies or trusts will be wholesale clients if they are controlled by persons who are wholesale investors<sup>5</sup>.

For the purposes of the test in point 4 above, an investor will be a "professional investor" if that person falls into one of the following categories:

- Financial services licensees;
- Bodies that are regulated by APRA (other than a trustee of certain superannuation funds and schemes). This category generally includes banks, general insurance companies, life companies, credit unions and friendly societies;
- Bodies registered under the Financial Corporations Act 1974 (Cth);
- Trustees of certain superannuation trusts or schemes within the meaning of the Superannuation Industry (Supervision) Act 1993 that have net assets of at least \$10 million;
- Persons who have or control gross assets of at least \$10 million (including any assets held by an associate or under a trust that the person manages)<sup>6</sup>;
- A listed entity, or a related body corporate of a listed entity;
- An exempt public authority;
- An investment company, being a body corporate or unincorporated body which carry on the business of investing in financial products, interests in land or other investments, and which invest funds received directly or indirectly following offers or invitations to the public, the terms of which provided for the funds subscribed to invested accordingly; or

A foreign entity that, if established or incorporated in Australia, would be covered by one of the above paragraphs<sup>7</sup>.

If you have an queries concerning your application please do not hesitate to contact the manager or the trustee.

<sup>1</sup> Section 761G (7) (c) of the Corporations Act, as amended by regulation 7.6.02AF of the Corporations Regulations 2001 (the **Regulations**).

<sup>2</sup> The net assets of a company or trust controlled by such a person may be included – section 761G (7) (c) (i) of the Corporations Act, as amended by regulation 7.6.02AC of the Regulations.

<sup>3</sup> Sections 761G (7) and 761GA of the Corporations Act.

<sup>4</sup> Section 708 (10) of the Corporation Act.

<sup>5</sup> Section 761G (7) (ca) of the Corporations Act, inserted by regulation 7.6.02AB of the Regulations.

<sup>6</sup> Paragraph (e) of the definition of professional investor in section 9 of the Corporations Act, as modified by regulation 7.6.02AE of the Regulations.

<sup>7</sup> Section 9 of the Corporations Act.