

## RESPONSE FROM FINANCE SOUTH EAST

### Feedback on consultation re Certification of HNW and Sophisticated Investors.

The main point that we want to convey is that we support a relaxation of the legislative regime. In terms of the consultation document we believe a regime at least as relaxed as Model 3 should be adopted.

This is based on experience in the South East region that (i) a majority of business angel transactions are 'Friends and Family' and (ii) the minority who are involved in 'Arms Length' Business Angel transactions have had some vetting and briefing (albeit in an unstructured manner) from the angel network managers, so that they understand what they are getting into. The present regime for Certification has forced up costs and driven investors towards accredited Corporate Finance Advisers who are NOT always the best to be involved in the arms length angels sector.

Measures should be adopted to encourage Arms Length business angel investors to work with reputable business angel networks. These organisations can give appropriate advice (and training) to both fund raisers **AND** investors to facilitate pragmatic and equitable deal structures in a cost effective way.

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