

BUSINESS ANGEL CERTIFICATION (INDIVIDUALS)

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In terms of the Financial Services and Markets Act 2000 (“FSMA”) and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (“FSMAO”), business angels, as individuals, may only receive financial promotions (ie Business Plans) if they are either a “**certified high net worth individual**”, a “**self-certified sophisticated investor**” or a “**certified sophisticated investor**”. If you are in any of these categories then you are exempt from the provisions of the FSMA. You are requested to exhibit suitable documents to this effect prior to completion of any investments.

To satisfy the requirements of the FSMA you must do one of three things:

1. **Sign a Declaration that you are a “Certified High Net Worth Individual”:**

The prescribed form of wording is shown on page 2 overleaf. Please note that a Statement to this effect must be signed on an annual basis.

It is anticipated that anyone wishing to become a business angel or join a business angel syndicate as a new member (or renew their membership after a period of non-membership of 6 months or more) will want to make use of this option.

2. **Sign a Declaration that you are a “Self-Certified Sophisticated Investor”:**

The prescribed form of wording is shown on page 3 overleaf. Please note that a Statement to this effect must be signed on an annual basis.

It is anticipated that anyone who is a current member of a business angel syndicate (and has been for at least 6 months on a continuous basis) will want to make use of this option.

3. **Sign a Declaration that you are a “Certified Sophisticated Investor” and also obtain a Certificate from an Authorised Person confirming that this is the case:**

The prescribed form of wording is shown on page 4 overleaf. Please note that a Declaration to this effect must be signed by you on an annual basis, although an authorised person need only sign the Certificate (comprising part 2 of the Statement) once every three years.

It is anticipated that this option will only be used by those looking to become a business angel or join a business angel syndicate where they are unable to meet the net asset or annual income test referred to the Certified High Net Worth Individual Declaration above.

For further details please contact Stuart Hendry or Kenny Mumford at MBM Commercial LLP (tel: 0131 226 8200). MBM Commercial LLP act as expert legal advisers to a number of Business Angel syndicates and other investors.

MBM Commercial LLP

While all reasonable care has been taken in the preparation of this guide, no responsibility is accepted by MBM Commercial LLP for any errors it may contain, whether caused by negligence or otherwise, or for any loss, howsoever caused, occasioned to any person by reliance on it. Individual advice should be sought before considering any of the matters detailed in this guide.

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Statement for Certified High Net Worth Individual

I the undersigned declare that I am a certified high net worth individual for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

I understand that this means:- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority; (b) the content of such financial promotions may not conform to rules issued by the Financial Conduct Authority; **(c) by signing this statement I may lose significant rights**; (d) I may have no right to complain to either of the following: (i) the Financial Conduct Authority; or (ii) the Financial Ombudsman Scheme; and (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a certified high net worth individual because **at least one of the following applies:-**

(a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more; or (b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more.

“net assets” for these purposes do not include:- (i) the property which is my primary residence or any loan secured on that residence; (ii) any rights of mine under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; or (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be, entitled.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature Date

Print full name

Print address
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Statement for Self-Certified Sophisticated Investor

I the undersigned declare that I am a self-certified sophisticated investor for the purposes of the Financial Services and Markets Act (Financial Promotion) Order 2005.

I understand that this means: (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority; (b) the content of such financial promotions may not conform to rules issued by the Financial Conduct Authority; **(c) by signing this statement I may lose significant rights;** (d) I may have no right to complain to either of the following:- (i) the Financial Conduct Authority; or (ii) the Financial Ombudsman Scheme; and (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a self-certified sophisticated investor because **at least one of the following applies:-**

(a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below; (b) I have made more than one investment in an unlisted company in the two years prior to the date below; (c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises; (d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature Date

Print full name

Print address
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Statements for Certified Sophisticated Investor

Part 1 – Statement to be signed by the investor:

I the undersigned make this statement so that I am able to receive promotions which are exempt from the restrictions on financial promotion in the Financial Services and Markets Act 2000. The exemption relates to certified sophisticated investors and I declare that I qualify as such in relation to investments of the following kind: **investments in unquoted private companies and unquoted public companies**. I accept that the contents of promotions and other material that I receive may not have been approved by an authorised person and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I am aware that it is open to me to seek advice from someone who specialises in advising on this kind of investment.

Signature Date

Print full name

Print address
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