

6. Completion

With both equity crowdfunding and peer-to-peer debt platforms you need to raise the minimum amount you have set. If you fail to do so, the campaign is deemed to have failed and you receive nothing. When a campaign succeeds, the platform will complete the security documentation. This could be share allocations or a loan agreement. It should not take very long for a successful fundraising campaign to end and for the funds to be transferred to your account.

Normally with peer-to-peer loans the lender is the platform, you do not end up with lots of individual lenders to whom you must pay interest. You make one payment each time to the platform. The platform then distributes the funds to each investor.

With equity crowdfunding you may well end up with one investor – the platform. The platform may act as a nominee for all the investors that have bought shares in your company. You will report to and pay dividends to the platform who then distribute the information and any money to the investors. Some platforms work differently in that the investors are listed on your share register. In that case you report to the investors directly and pay any dividends directly.

Not all platforms work in the same way and we recommend that you understand what will happen at completion before you engage on a fundraising campaign with any platform.