

The microFunding® Exchange: Guidance Notes for Investors

What do I have to do?

You will need to register by completing your personal and contact details on the 'my account' page of the microFunding® Exchange and agree to the microFunding® Terms and Conditions, the Website Terms and conditions, and Confidentiality. You can do this through any Introducer's website, but **you will be able to view all the microFunding opportunities only if you log into the Exchange through a Partner site Authorised by the Financial Services Authority.**

Because microFunding gives access to unprotected ideas, you will appreciate that the microFunding® Exchange places a very high priority on the security and confidentiality of the inventors and inventions. Not only do we have to be seen to take this seriously, we may in future have to be able to prove retrospectively that we did so in order to protect Intellectual Property in the interests of Inventors, Managers and or Investors.

In order to fulfil our promises both to Inventors and to Managers, we trust that Investors will also understand that we need to ask you to self-certify your credentials by affirming the on-line declaration shown below, and we also reserve the right to ask for references.

We will also need a copy of your professional CV in Word format

the Financial Services and Markets Act (2000) (FSMA)

microFunding Ltd is not itself authorised to conduct investment business. References below to 'microFunding' mean the microFunding process as adopted by authorised intermediaries and accessible only by certified investors through authorised sites. microFunding collaborates with various Regulated Investor networks, and any investment must be arranged through a properly Authorised channel.

To the best of the knowledge and belief of the microFunding® Exchange, it is not making and does not intend to make regulated financial promotions for the purpose of FSMA and no representation or warranty is made to that effect and the attention of the Investor is drawn to clause below.

Declaration:

I am a 'self certified Sophisticated Investor' and/or a 'Certified High Net Worth Individual' under the meaning of the Financial Services and Markets Act 2000, or I am a non-UK resident in which case I confirm I will act in conformity with all relevant laws in my country of residence.

If my status changes at any time I will advise microFunding Ltd and forgo access to the microFunding Exchange

I accept that Investment in new business carries high risks as well as the possibility of high rewards; that such investments are highly speculative and that I have been strongly advised to take advice from a person authorised under the FSMA who specialises in advising on investments of this kind. I accept that microFunding Ltd can not advise on the merits or risks of investments and is not authorised to arrange transactions or circulate offer documents under the FSMA.

I accept full responsibility for compliance with applicable laws relating to (among other things) FSMA when dealing with any Business Invention or Business Plan.

I confirm that

- Neither I, nor anyone with whom I have been closely associated in business, has committed any criminal offence involving violence, fraud or dishonesty, whether or not they led to prosecution or

conviction

- I have never petitioned for or been declared insolvent or bankrupt, or made any arrangement with creditors
- I have not been disqualified as a director
- I have never provided false or misleading information to any regulator or professional body
- I have never received any legitimate complaints about my business activities including breach of contract
- I have never been the subject of adverse comment from any regulators, professional bodies, trade bodies, consumer organisations or other businesses, nor have I been subject to any disciplinary action including that by a trade association or professional body
- I have never been involved in any business practices that could appear to be deceitful or oppressive, or otherwise unfair or improper, whether unlawful or not.

Signed:

Date:

Full Name:

Which ideas will I be able to see?

Provided you access the microFunding® Exchange through an authorised website, you will be able to see all the Inventions and you will be able to add comments to the postings to give feedback to Inventors and invite interest from Managers.

Everyone who sees the Concepts will have signed a Confidentiality Agreement; and for your added security microFunding keeps a record of who sees what and when.

What does it cost?

There is no cost to the Investor for using the microFunding® Exchange.

You will be asked to fund the Proof of Concept Projects in units of £2,500 by way of 'Cancellable Transferable Loans which carry Investment Rights' (for an explanation, see FAQs). These investment rights entitle all Investors to subscribe to a total of 30% of the future company between them.

You will be asked to follow these with equity investment in the successful Projects that are worthwhile, or sell your rights (possibly for a substantial profit) to someone else who wishes to invest.

A successful investment strategy is likely to be one that takes only one or a few £2,500 investment units in each of several Projects.

What other information should I read?

- **The microFunding process**
- **microFunding Terms and Conditions**
- **Website Terms and Conditions**
- **Confidentiality Agreement**
- Frequently Asked Questions
- **What is a Good Invention?**
- It is also recommended that you read the **Notes of Guidance for Managers**, the **Notes of Guidance for Inventors** and the **Notes of Guidance for Introducers** in order to see microFunding from their perspectives too.
- It would also be a good idea to read the standard subscription documents before making any commitments

What documentation is required?

To apply to microFunding@:
 CV in Word format
 Signed Declaration

When an Investor is interested in an Invention or Project:
 Sign and return a specific Confidentiality Agreement
 Investor will receive a copy of the managers CV by email
 Re-confirm agreement by email to the microFunding@ Terms and Conditions

To invest in a project
 Subscription Agreement documents completed between Inventor Manager and Investor(s)
 All documents prepared by solicitors B P Collins of Gerrards Cross and available for inspection.

Important note:

BP Collins have **standard microFunding subscription documents** and charge the flat rate of **£1,500 + VAT** as per the microFunding@ Project Planner which can be found on <http://www.11webhost.co.uk/microfunding/docs/ProjectPlanner.pdf>
 Any and all variations from the standard documents are likely to dramatically increase the costs and will have to be underwritten personally by Manager, Inventor or Investor before any legal work can start.

Who is involved in a Project?

Project Auditor	Peter Upton Accountants of Maidenhead
Project Solicitor	BP Collins Solicitors
Project Panel	The Manager An Investor microFunding Ltd
Company Directors	Manager nominee microFunding Ltd
Company Shareholders	Inventor 30% issued microFunding 2.5% issued Balance of shares unissued

Who is involved in the subsequent business?

Auditor	Board's decision
Solicitor	Board's decision
Company Directors	Manager nominee microFunding Ltd Investor nominee
Company Shareholders	Inventor 300 shares issued microFunding 25 shares issued Investors 300 shares issued in total Manager 300 shares held as options Introducers 0 to 30 shares held as options, possibly unissued 45 shares held as options at microFunding's discretion, often unissued



www.microFunding.co.uk