

NSW SYNDICATES FACT SHEET

The purpose of this fact sheet is to provide greyhound racing industry participants with important information about the use of syndication in the sport and the associated registration requirements in NSW.

What is a 'syndicate'?

A syndicate is a form of group greyhound ownership whereby two or more people who each own a share in a greyhound or group of greyhounds.

Selling shares in a syndicate enables greyhound owners and managers to fund the costs of training and caring for a greyhound. In return, people who invest in syndicates - the syndicate members - are entitled to a share of the winnings earned by that greyhound.

Members can include friends, organised groups of people such as football or cricket clubs, or other greyhound racing participants looking to get involved in the sport.

The GWIC Syndicates Policy creates two types of syndicate – **public** and **private**. The fees and requirements differ for public and private syndicates – this fact sheet will explain why.

What's the difference between a public syndicate and a private syndicate?

The difference between public and private syndicates is based on how the syndicate is formed, and the relationship between the members.

Most greyhound syndicates that are currently registered with GWIC are private syndicates made up of small groups of people who make an arrangement between themselves. Often they are made up of family members or friends, or participants who know each other, or a combination of all of these. The key element of a private syndicate is that it is formed by private arrangement, and any invitation to join is made to a specific person – this is called a private offer.

Public syndicates, by contrast, are formed by a public offer that is open to anyone to accept. Public advertising is an indicator that an offer is public, and the members of the syndicate may not know each other before they join the syndicate.

The requirements for registration of a public syndicate are much greater than those for a private syndicate. This is because ASIC legislation applies to public syndicates and GWIC's Syndicates Policy must align with that legislation.

Why do ASIC care about greyhound syndicates?

Certain types of syndicates come under the jurisdiction of the Australian Securities and Investments Commission (ASIC). This would usually be a public syndicate but a private syndicate may also come under ASIC's jurisdiction if it does certain things – more about this below.

ASIC focuses on situations where people invest money but have only limited control over how that money is used. For instance, ASIC provides oversight of super funds and the risks they take with the money invested by their everyday shareholders.

Some greyhound racing syndicates can be similar. People pay money for a share in a syndicate with the hope that they can benefit from the winnings of the greyhound. However, there's no guarantee that their greyhound will win and they may not control how the greyhound is trained or cared for. And because syndicates involve other people's money, there is also a need to make sure the person in charge of handing out winnings does so properly. In the eyes of ASIC this makes greyhound syndicates like any other financial product and it can therefore deem them to be '**managed investment schemes**'.

Managed investment schemes include property trusts, cash management trusts and mortgage schemes. The rules around “Managed investment schemes” were not written with greyhound racing in mind, but sometimes they **do** cover the sport.

Can ASIC requirements apply to a private syndicate?

Usually, ASIC requirements do not apply to private syndicates. If you are only selling shares to people you know and are not actively promoting or advertising those shares, you are running a private syndicate and do not need to register with ASIC or register with the Commission as a Promoter (though you still need to register your private syndicate with GWIC).

But you need to be careful. Offering or selling shares can be any activity from taking out advertising in newspapers or on television and radio to posting messages on social media, putting up flyers around the club, or sending out text messages to groups of people who might be interested in buying shares.

If you undertake any of these activities, they can be seen as advertising and you may trigger the need for registration with ASIC.

When do I have to register with ASIC?

A public syndicate must be registered with ASIC before you advertise, offer or sell any shares. By reviewing your application ASIC can make sure that you have all the necessary consumer protections in place before you start accepting other people’s money.

If you intend to advertise, offer, or sell shares in greyhound syndicates you are likely to be considered to be a “Promoter” by ASIC and if so, you are legally required to register your syndicate with ASIC prior to undertaking any of these activities. You will also be required to register with GWIC as a Promoter – the requirements for this are based on the ASIC requirements.

For more information about how to go about registering a public syndicate with ASIC, see the “Registering a public syndicate” fact sheet.

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