

# SIV & PIV Complying Investment Framework (CIF)

## 1. Elements that apply to all investments for SIV & PIV

- SIV and PIV will be distinct visa products with the CI framework articulated separately.
- Existing requirements for who may make the investment will remain the same as will the requirement that funds be unencumbered and lawfully acquired.
- Investors will also still be required to reinvest funds within 30 days of withdrawing them from a complying investment or cancelling the investment in order for the investment to continue to be complying.
- Direct investment into residential real estate is excluded and indirect exposure through investment vehicles is restricted to less than 10% of a vehicle's net assets.
- Exclude 'loan back' arrangements where the investment is used as collateral by applicants.

## 2. Significant Investor Visa (SIV)

- Investments must be provided by an Australian Financial Services (AFS) licensed manager(s) domiciled in Australia.
- Fund managers must be independent of the applicant and their spouse.
- Investments are permitted through a 'Fund of Fund' (FoF) or an Investor Directed Portfolio Service (IDPS) into complying managed fund(s) only.
- Applicant monies may be held in cash for up to 30 days in a FoF or IDPS at the time of first investment by the applicant and during any switching period.
- Complying Investments comprise mandatory investments in 2a and 2b, and balancing investments in 2c.
- Investments in 2a and 2b may be for higher amounts than the mandated minimums and up to the full amount of 2c (the balancing investment quanta) if desired.

## 3. Premium Investor Visa (PIV)

- Note: Austrade nominates on an invitation-only model, with State and Territory (S&T) governments able to make referrals to Austrade. Austrade to assess and nominate on approved criteria based on entrepreneurial skill or talent and ongoing benefit to Australia and character/integrity check.
- Scope of eligible investments is an Australian managed fund(s) or direct investment in:
    - Australian securities exchange listed assets.
    - Australian government or semi-government bonds or notes.
    - Corporate bonds or notes issued by an Australian exchange listed entity (or wholly owned subsidiary of the Australian listed entity) or investment grade rated Australian corporate bonds or notes rated by an AFS licenced debt rating agency.
    - Australian proprietary limited companies.
    - Real property in Australia excluding residential property.
    - Deferred annuities issued by Australian registered life companies.
    - S&T government approved philanthropic donation.
  - To be an eligible fund, in addition to the requirements set out in box 1, a further requirement is that cash is to be no more than 20% of a fund's net assets and derivatives are to be used for risk management purposes only.
  - PIV investors may elect to make a portion or the entirety of their investment by way of a philanthropic donation (endorsed by a S&T government).

## 2a. SIV: Venture Capital and Growth Private Equity Funds (VCPE)

Note: Investments into VCPE funds may be for investment terms that are greater than the provisional visa period.

Compliance will consist of a three part test: proof that applicant monies are taken upfront in a specified vehicle; proof that the applicant has entered into a commitment with a VCPE fund(s) within 12 months from the grant of the provisional visa; and proof that investments in a VCPE fund(s) have commenced within four years from the grant of the provisional visa.

- Mandatory investment of at least \$500,000 at time of investment in an AusIndustry registered fund(s) (either ESVCLP or VCLP)\*.
- Applicant monies for the full amount of the commitment are to be taken upfront to satisfy issuing a provisional visa and deposited either in a Cash Management Trust (CMT) held in escrow, or an Australian bank account as security for a bank guarantee in favour of a VCPE, to meet capital calls by the VCPE over the investment horizon.
- Applicants will need to enter into a commitment with a VCPE within 12 months from the date they were issued a provisional visa.
- Proceeds from the realisation of investments by the VCPE fund(s) before the provisional visa ends are to be reinvested in complying funds from 2a, 2b or 2c.

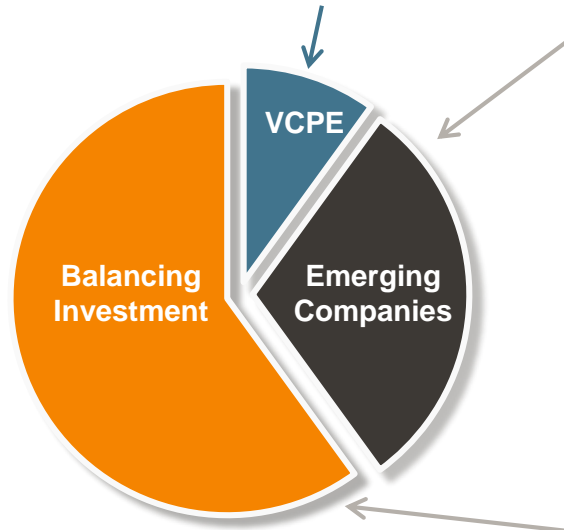
## 2b. SIV: Funds investing in Emerging Companies

- Mandatory investment of at least \$1.5 million at time of investment in an eligible fund(s).
- A complying fund must have the following:
  - Investment in securities of companies that have a market capitalisation (mkt cap) of less than \$500m at the time of first purchase by the fund. Investments are to be ASX listed or Australian unlisted companies, but unlisted are to be no more than 20% of the fund's net assets. Up to 20% of the fund's net assets may be in other Australian exchange listed companies.
  - Up to 10% of the fund's net assets may be invested in foreign exchange listed companies (e.g. New Zealand) with a mkt cap of less than \$500m at the time of first purchase by the fund.
  - Up to 30% of the fund's net assets can be in previously held assets whose companies have grown their mkt cap above \$500m.
  - Must maintain a minimum of 20 investee companies from three months post the fund's inception date.
  - No further purchase can be made to any individual asset that exceeds 10% of the fund's net assets.
  - Cash\*\*\* is to be no more than 20% of a fund's net assets.
  - Derivatives are to be used for risk management purposes only.
- Managed funds\*\* (open or close-end) or Listed Investment Companies (LICs) are eligible.
- Fund Managers are to have and maintain a minimum \$100m in firm-wide funds under management (FUM) to offer a complying fund(s) to applicants. ##

## 2c. SIV: Balancing Investment

Funds invested in:

- Companies, A-REITs, infrastructure trusts including their ordinary equity, preferred equity, convertible bonds or corporate issued floating rate notes listed on an Australian securities exchange.
- Corporate bonds or notes issued by an Australian exchange listed entity (or wholly owned subsidiary of the Australian listed entity) or investment grade rated Australian corporate bonds or notes rated by an AFS licenced debt rating agency.
- Deferred annuities issued by Australian registered life companies but cannot commence paybacks during the provisional visa period.
- Real Property in Australia (subject to 10% limit on residential real estate).
- A complying fund must have the following:
  - Cash\*\*\* is to be no more than 20% of a fund's net assets.
  - Derivatives are to be used for risk management purposes only.
- Managed funds\*\* (open or close-end) or Listed Investment Companies (LICs) are eligible.
- Fund Managers are to have and maintain a minimum \$100m in firm-wide FUM to offer a complying fund(s) to applicants. ##



\* The mandated quanta for future applications is expected to be increased within two years as the market responds.

\*\* Includes Australian friendly society insurance bonds as currently included in the definition of a managed fund in the Migration Act.

\*\*\* Cash held by Australian authorised deposit taking institutions (including certificates of deposit, bank bills and other cash-like instruments).

## Managers with less than \$100m firm-wide FUM may offer products through a responsible entity (RE) that meets this criteria. Note that managers of VCPE funds are not required to meet the \$100m firm-wide FUM criteria.