

Selling shares in racehorses

Promotions and Syndicates

One way to own a thoroughbred racehorse is to purchase a share/s from a licensed syndicator (promoter). Licensed syndicate promoters advertise shares for sale in thoroughbred horses which they have selected through a private sale or public auction.

ASIC Role - Australian Securities & Investment Commission

A person who offers/promotes shares in a racehorse to a third party may be liable to substantial penalty by ASIC if they are not appropriately licensed. The *Corporations Act 2001* and Class Order 02/319 require syndicate promoters to hold an Australian Financial Services License (AFSL) before they can commence promoting a syndicate.

ASIC has published two documents relating to syndicate promoters:

[ASIC Corporations \(Horse Schemes\) Instrument 2016/790.](#)

and

[ASIC Regulatory Guide 91:](#)

By appointing Racing NSW a Lead Regulator, ASIC relies on Racing NSW for general management of Promoters and Authorised Representatives on our Register.

However ASIC may receive complaints from members of the Public or others directly and may commence investigation which leads to prosecution. Racing NSW is also obligated to report instances to ASIC, as described in the Regulatory Guide 91 (above). These complaints or referrals may be in regard to Licensed or Unlicensed operators.

The ASIC approach (and Racing NSW agrees) is that anyone considering purchasing a race horse should be fully informed before proceeding. In other words, "*buyers beware*", by ensuring as much accurate information as possible is included in the PDS so that a purchaser can make an informed choice before entering into an agreement to purchase.

Racing NSW Role

Racing NSW is a Lead Regulator appointed by the Australian Investments and Securities Commission (ASIC) to co-regulate the operation of thoroughbred horse racing syndications (schemes).

This arrangement provides relief from the full gambit of the Corporations Act, with ASIC assigning much of their regulatory responsibility to the Industry to manage. The arrangement came about after an approach by the Racing Industry to ASIC in the early 90's.

Additional Rules of Racing apply. See specifically Schedule 3 SR 9 and LR 53 and 53A.

Requirements of Promoters (Syndicators)

Persons or companies wishing to apply to be a licensed Syndicate Promoter have two steps to complete:

- 1) Make an application to ASIC for an Australian Financial Services Licence (AFSL):
and
- 2) Make an application to a Lead Regulator (Racing NSW, Racing Victoria etc) to be placed on the Register of Approved Promoters (“**AP**”)

There is also an opportunity to operate as an Authorised Representative (“**AR**”) of an Approved Promoter (e.g. the Approved Promoter is essentially responsible for all actions of the Authorised Representative).

To become an Authorised Representative the person must:

- 1) Make an application to a Lead Regulator (Racing NSW, Racing Victoria etc) to be placed on the Register of Authorised Representatives
and
- 2) Operate under an Australian Financial Services Licence of another entity. In this case the Promoter (AFSL holder) registers the Authorised Representative with ASIC.

Other Requirements

Once placed on the register, an Authorised Promoter lodges a Product Disclosure Statement (“PDS”) for approval with Racing NSW. Racing NSW reviews the contents for accuracy and minimum requirements.

A Financial Services Guide “FSG” is also required. Pro Forma example documents of Racing NSW are available here [Product Disclosure Statement](#)
[Financial Services Guide](#).

The Racing NSW Product Disclosure Statement guidelines (which include an example of Minimum Requirements) are also available. If the Product Disclosure Statement is approved, the Promoter has six months to sell all the shares in the race horse, and any monies paid to the Promoter during this period must be placed in a Trust Account until finalisation.

Upon completion of the syndication, the race horse is registered in the new owners' names with the Registrar of Race Horses, a division of Racing Information Services Australia.

Some Promoters may continue as the Manager of the race horse, and charge management fees to the other owners. This should be set out clearly in the Product Disclosure Statement and Owners should carefully consider any management proposal before purchasing a Share in a horse.

Other Promoters may hand the race horse over to the new owners when the horse is Registered and it is then managed by one of the Owner's in the traditional way in conjunction with the Trainer.

Authorised Representatives follow the same steps as above, but their Licensee (Promoter) is responsible for supervising their Representatives, including but not limited to preparation of documents and management of the Trust Accounts.

Ongoing Regulation by Racing NSW

Ongoing regulation includes meeting Racing NSW its co-regulation obligations as Lead Regulator as appointed by ASIC, including but not limited to:

- the monitoring of open Production Disclosure Statements
- responding to complaints about Authorised Promoters and/or their Authorised Representatives
- reviewing compliance by the Authorised Promoter and their Authorised Representatives to the Legislation and the Rules of Racing
- where required, reporting any breaches to ASIC

Advertising

Racing NSW must review all advertising for the syndication of the race horse before it is published or appears in the media.

Racing NSW Registers

Racing NSW regularly updates its Register of Approved Promoters or Authorised Representatives.

Options for Trainers, Breeders or Race Clubs who wish to offer Shares in horses

Trainers, Breeders or Race Clubs may wish to approach a Licensed Promoter to sell a horse on their behalf, according to the ASIC requirements. A direct approach may be made to those listed on the Racing NSW register.

The Thoroughbred Trainers Service Centre, a division of Racing Information Services Australia (RISA), is one company offering a Cost Minimum service to assist trainers and others in the syndication of horses for horse racing schemes.

Operation Ownership

To view other useful information for prospective or current Owners, see our Operation Ownership section.

The complete range of forms that apply to licensed Promoters is available on Racing NSW website.