



BUSINESS | Issue No. 8 | Significant and Premium Investor Visa Update – Change is a constant

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The new Complying Investment Framework (**CIF**) for Significant Investor Visas (**SIV**) and Premium Investor Visas (**PIV**) was announced by the Government on 15 May 2015. In order to cater for the transition of the CIF, the Government suspended new nominations for SIVs between 24 April 2015 and 30 June 2015. The new framework commenced on 1 July 2015.

One of the key changes is that Austrade will now play a very prominent role in the nomination of SIV and PIV applicants. Austrade has become a Nominator for the SIV, in addition to the State and Territory Governments. For PIV's, Austrade is the sole Nominator.

The CIF has made a complete overhaul to the investment landscape for SIV applicants. Previously, funds from SIV applicants were channelled into passive investments like Government Bonds and residential real estate funds. Under the CIF, SIV applicants will be required to invest at least \$5 million over four years in the following complying investments:

- 1 At least \$500,000 in eligible Australian Venture Capital and Growth Private Equity Funds (**VCPE**) investing in start-up and small private companies;
- 2 at least \$1.5 million in eligible managed funds or Listed Investment Companies (**LICs**) that invest in emerging companies listed on the Australian Stock Exchange (**emerging companies**); and
- 3 a balancing investment of up to \$3 million in managed funds or LICs that invest in a combination of eligible assets that include other ASX listed companies, infrastructure trusts, eligible corporate bonds or notes, deferred annuities, real property (**balancing investments**).

It is expected (as has historically been the case) that around 90% of SIV applicants will originate from China.

Since Chinese are generally conservative investors, an investment of 40% of the \$5 million into riskier assets (VCPE and Emerging Companies) will likely give rise to

mixed reactions. It will be interesting to see how the CIF will affect SIV application numbers. The new SIV regime may force potential SIV applicants to pursue other visa categories such as investment innovation and investor visas.

For mega wealthy applicants, the PIV offers more flexibility and lower risk in investment choices as compared with the SIV. The scope of PIV eligible investments is an Australian managed fund or funds or a direct investment in:

- 1 Australian securities exchange listed assets;
- 2 Australian Government or semi-government bonds or notes;
- 3 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;
- 4 Australian proprietary limited companies;
- 5 real property in Australia excluding residential property;
- 6 deferred annuities issued by Australian registered life companies; and
- 7 State and Territory Governments approved philanthropic donations.

VCPE funds, emerging companies and ASX listed companies are the big winners under the new SIV and PIV regime. Provided the SIV Visa maintains its previous popularity under the CIF, this will increase the funding of Australian VCPE funds and emerging companies and opportunities for high-growth companies to get off to a more stable financial start.



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