

COELUM

Monthly Digital Publication by ABOGADOS SIERRA

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December 15, 2015 year 10 | No. 08

Crowdfunding.

by Vera García
P. 01-02

NOVEMBER NEWS on Mexican Aviation

P. 03

Contributors

P. 04

COELUM

Pronunciation: 'che-läm, is Latin for airspace or sky. The Romans began questioning the rights they had in the space above the land they owned and to how high above did that right extended to. Ad coelum et ad inferos, they discussed, meaning that their right of property would extend as high up to the heavens and down to hell.

Crowdfunding.

by Vera García*

The rather recent era of crowdfunding began back in 2003 in United States of America with the initial focus being on creative artists seeking funds to develop new projects. This new movement soon expanded into other areas and in 2013 it reached the aerospace and aviation industries; where it faces a broad scope of ideas for which individuals and companies were requesting financial support. Some of these focus on the development of products and services, as well as other more philanthropic projects.

“As we can see the international scene for crowdfunding relating to aviation programs seems to be in a constant grow. However the situation in Mexico is not as promising derived from of the following factors...”

With that said, we can define Crowdfunding as the process in which individuals pool money and other resources to fund projects initiated by other people or organizations, which usually takes place in online portals.

There are certain kinds of crowdfundings such as donation; rewards; equity, among others. Both the donation and rewards platforms invite people to donate to projects for the sole pleasure of giving and being part of the development of a specific project or in order to receive discounts in products or services once the project has concluded. On the other hand, equity investing is similar to being a venture capitalistic or early-stage investor and debt crowdfunding is the financing in which the entrepreneur or company borrows money and must repay it, most of the times with some kind of interest.

As previously stated, the aviation and aerospace industries have also been part of this trend. The range of ideas in which individuals and companies are requesting financial support for aviation sector ranges to the development of educational programs for high school kids; student’s tuition; aircraft restoring; building of an airplane in a garage by ordinary people; startup of an airline named Baltia Air Lines; vertical- takeoff and landing (VTOL) light business aircraft; flying cars; creating lighter materials for different types of aircraft product applications, drones and other types of aircraft ventures.

As we can see the international scene for crowdfunding relating to aviation programs seems to be in a constant grow in. However, the situation in Mexico is not as promising derived from of the following factors:

- There is a general lack of confidence by investors in crowdfunding;
- Mexican Law does not foresee the existence of mechanisms or institutions responsible for verifying that portals actually deliver the pool to participants in case of rewarded- based crowdfunding;
- The strict financial and exchange rate system in Mexico has been hardened as a result of the

* IN COLABORATION WITH ANDRES REMIS

State's effort to stop organized crime, as provided in the Federal Law for the Prevention and Identification of Transactions with Illicit Resources, whose main objective is to prevent money laundering; and

- There could be a high risk of fraud.

The corporate vehicle for crowdfunding financing in Mexico is the Multiple Purpose Financial Company (*Sociedades Financieras de Objeto Múltiple, SOFOME for its acronym in Spanish*).

SOFOME are legal entities that are currently registered within the National Commission for the Protection and Defense of Users of Financial Services (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros, CONDUSEF for its acronym in Spanish*), whose main purpose is based on fund raising to develop commercial activities.

“The AFICO brings together the leading crowdfunding platforms in Mexico with the main objective to promote and defend the interest’s model, establishing a code of practice to be adopted by all crowdfunding platforms and professionals in the country.”

Furthermore, SOFOME are subject to the scrutiny and thorough supervision by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores, CNBV for its acronym in Spanish*), which verifies its compliance with the regulations issued to prevent money laundering and financing terrorism.

Having said this, in Mexico the most common way of crowdfunding is the rewards-based crowdfunding, which required the prior approval of its investors by the CNBV pursuant to the security Market Law (*Ley de Mercado de Valores*) which allows individuals and companies to participate in equity platforms only if they are qualified as equity qualified investors or to those investors who keep an average investment in securities of an amount equal or greater to 1.5 investment units- 7.7 million pesos in the last year or to those who obtained in each of the past two years, annual gross income equal to or greater than 500,000 investment units -2.57 million pesos.¹

Finally, as a resolute of the lack of confidence in Crowdfunding by the investors in Mexico, the Mexican Association of Crowdfunding (*ASOCIACIÓN DE PLATAFORMAS DE FONDEO COLECTIVO A.C. AFICO*) was created independently and at the initiative of the participants. The AFICO brings together the leading crowdfunding platforms in Mexico with the main objective to promote and defend the interest’s model, establishing a code of practice to be adopted by all crowdfunding platforms and professionals in the country.²

In conclusion, crowdfunding provides independent innovators the needed financing to develop their projects and launch their new ideas and also innovate products and services into the aviation market and industry.

1.-<http://www.condusef.gob.mx>

2.- <https://aficomx.wordpress.com>

Agency Talks Could Lead to Larger NASA Role on Drones.

The Federal Aviation Administration and NASA are discussing a joint approach to introducing small drones into the air-space that could give the space agency a larger role in the effort. NASA's Ames Research Center is already leading the development of an Unmanned Aerial System Traffic Management, or UTM, system that would manage low-flying drones. The current discussions could lead to even broader participation by the space agency, said the FAA's lead executive for unmanned aircraft systems (UAS). www.ainonline.com/aviation-news/aerospace/2015 November 13, 2015.

Assembly Approves RF Spectrum for Global Aircraft Tracking.

Delegates to the World Radio communication Conference (WRC) under way this month in Geneva approved a slice of radio frequency spectrum accommodating aircraft-to-satellite position reporting, a move that supports global aircraft tracking. The spectrum allocation responds to international concern over the March 2014 disappearance of Malaysian Airlines Flight MH370, said the International Telecommunications Union (ITU), the organization hosting the conference. www.ainonline.com/aviation-news/air-transport/2015 November 13, 2015.

GE Aviation Launches New Turboprop Engine.

Textron Aviation Selects GE To Power Its New Single Engine Turboprop Aircraft.

GE Aviation has unveiled its all-new turboprop engine, which has been selected by Textron to power its single engine turboprop (SETP). Textron Aviation and GE announced the aircraft-engine pairing today at the NBAA's annual tradeshow. The 1,300 shaft horsepower (SHP)-rated turboprop engine is the first entry in GE's new family of turboprop engines aimed at Business and General Aviation aircraft in the 850-1,600 SHP range. This new engine features an industry-best 16:1 overall pressure ratio (OPR), enabling the engine to achieve up to 20% lower fuel burn and 10% higher cruise power compared to competitor offerings in the same size class with 4000-6000 hour MTBO and class-leading performance retention. *AERO NEWS* November 17, 2015.

First KC-46 Pegasus Headed For Fuel Dock Testing.

Boeing officials are shifting their attention to a second round of fuel dock testing with the first KC-46 aerial refueler following successful initial airworthiness certification for the aircraft outfitted with its wing-mounted pods and centerline refueling boom. This initial airworthiness testing is one of two major milestones before the program can shift to actually offloading fuel to receivers. The Air Force hopes to begin its aerial refueling demonstration work in late December or early January, said Air Force Brig. Gen. Duke Richardson, the program executive officer for tankers, during a September briefing at the annual Air Force Association symposium outside Washington. The second major milestone is to execute the forthcoming testing in the fuel dock. This is expected to include trials to validate controls of the fuel system, which shuttles gas throughout the tanker and to receivers. *Aviation Week* November 17, 2015.

ICAO Issues Formal Declaration On International Aviation And Climate Change.

During its 206th Session, the 36-State Governing Council of the International Civil Aviation Organization (ICAO) adopted a formal Declaration. The Declaration stated that the Council would ensure continuous leadership of ICAO on environmental issues relating to international civil aviation, including greenhouse gas (GHG) emissions. Importantly, it also affirmed the ICAO Council's commitment to the basket of measures being undertaken by ICAO and States to improve aviation's environmental performance. These include operational improvements in air traffic management to reduce fuel burn, a CO2 Standard for new aircraft by 2016, alternative fuels development, States Action Plans to aid in aviation emissions reduction, and finalizing work on a global market-based measure (MBM) scheme for international aviation from 2020, a final decision on which will ultimately be taken at ICAO's 39th triennial Assembly in the fall of 2016. *Aeronews.com* November 26, 2015.

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