

WHAT IS AN OFFERING MEMORANDUM

An Offering Memorandum (OM) is a legal document stating the objectives, risks and terms of investment involved with a private placement. This includes items such as the financial statements, management biographies, detailed description of the business, etc. An offering memorandum serves to provide buyers with information on the offering and to protect the sellers from the liability associated with selling unregistered securities. Also known as a "private placement memorandum" (PPM), it is essentially is a fancy business plan. In practice these are a formality to meet the requirements of securities regulators since most sophisticated investors perform their own extensive due diligence.