

Function(x) Inc.
Form S-1
August 11, 2016

As filed with the Securities and Exchange Commission on August 11, 2016
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Function(x) Inc.
(Exact name of registrant as specified in its charter)

Delaware	7370	33-0637631
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

902 Broadway, 11th Floor
New York, New York 10010
(212) 231-0092
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert F. X. Sillerman
Chief Executive Officer
902 Broadway, 11th Floor
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company)
 Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Aggregate Offering Price Per Share ⁽²⁾	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee ⁽³⁾
Common Stock, \$0.001 par value per share, issuable upon conversion of 10% convertible debentures	48,888,906	\$0.29	14,177,782.7	\$1,427.70
Common Stock, \$0.001 par value per share, issuable upon exercise of warrants	25,555,565	\$0.29	7,411,113.9	\$746.30
Total	74,444,471		21,588,896.6	\$2,174.00

This registration statement covers the resale by selling stockholders of 48,888,906 shares of common stock issuable upon the conversion of convertible debentures and 25,555,565 shares of common stock issuable upon the exercise of warrants. Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement shall be deemed to cover such indeterminate number of additional shares of common stock of the registrant as may be issued or issuable because of stock splits, stock dividends, stock distributions, and similar transactions.

Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average high and low prices of the Registrant’s common stock on August 8, 2016, as quoted on the NASDAQ Capital Market.

(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2016

PRELIMINARY PROSPECTUS

74,444,471 Shares

Common Stock

This prospectus relates to the offering by the selling stockholders of Function(x) Inc. of up to 74,444,471 shares of common stock, par value \$0.001 per share. These shares include 48,888,906 shares of common stock issuable upon conversion of convertible debentures and 25,555,565 shares of common stock underlying warrants to purchase our common stock issued to certain of the selling stockholders in connection with a private placement of convertible debentures and warrants completed on July 12, 2016 (the "Financing").

We are not selling any shares of common stock and will not receive any proceeds from the sale of the shares under this prospectus. Upon the exercise of the warrants for shares of our common stock by payment of cash, however, we will receive the exercise price of the warrants, which is \$0.3264 per share.

We have agreed to bear all of the expenses incurred in connection with the registration of these shares. The selling stockholders will pay or assume brokerage commissions and similar charges, if any, incurred for the sale of shares of our common stock.

The selling stockholders identified in this prospectus, or their pledgees, donees, transferees or other successors-in-interest, may offer the shares from time to time through public or private transactions at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices. For additional information on the methods of sale that may be used by the selling stockholders, see the section entitled "Plan of Distribution" beginning on page 27. For a list of the selling stockholders, see the section entitled "Selling Stockholders" beginning on page 24.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read the entire prospectus and any amendments or supplements carefully before you make your investment decision.

Our common stock is traded on the NASDAQ Capital Market under the symbol "FNCX". On August 8, 2016, the closing price of our common stock was \$0.28 per share.

Investing in our common stock involves a high degree of risk. Please read "Risk Factors" beginning on page 12 of this prospectus.

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You should rely only on the information contained in this prospectus or any prospectus supplement or amendment thereto. We have not authorized anyone to provide you with different information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated _____, 2016

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About This Prospectus

You should rely only on the information that we have provided or incorporated by reference in this prospectus, any applicable prospectus supplement and any related free writing prospectus that we may authorize to be provided to you. We have not authorized anyone to provide you with different information. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus, any applicable prospectus supplement or any related free writing prospectus that we may authorize to be provided to you. You must not rely on any unauthorized information or representation. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus, any applicable prospectus supplement or any related free writing prospectus is accurate only as of the date on the front of the document, regardless of the time of delivery of this prospectus, any applicable prospectus supplement or any related free writing prospectus, or any sale of a security.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under the heading "Where You Can Find Additional Information."

PROSPECTUS SUMMARY

This summary does not contain all of the information that should be considered before investing in our common stock. Investors should read the entire prospectus carefully, including the more detailed information regarding our business, the risks of purchasing our common stock discussed in this prospectus under “Risk Factors” beginning on page 12 of this prospectus and our financial statements and the accompanying notes beginning on page F-1 of this prospectus. As used in this prospectus, unless the context requires otherwise, the “Company”, “we”, “us”, and “our” refer to Function(x) Inc., a Delaware corporation.

Our Company

Function(x) Inc. (the “Company”) was incorporated in Delaware in July 1994. We are a diversified media and entertainment company and conduct our three lines of business, including digital publishing through Wetpaint.com (“Wetpaint”) and Rant Inc. (“Rant”), fantasy sports gaming through DraftDay Gaming Group, Inc. (“DDGG”), and digital content distribution through Choose Digital, Inc. (“Choose Digital”).

We operate Wetpaint, an online destination for entertainment news for millennial women, covering the latest in television, music, and pop culture. With the recent acquisition of assets of Rant, a leading digital publisher in diversified areas, we expanded our reach in the digital publishing arena. We are also the largest shareholder of DraftDay.com, which is seeking to become a significant player in the fantasy sports market, offering a high-quality daily fantasy sports experience both directly to consumers and to businesses desiring turnkey solutions to new revenue streams. We also operate Choose Digital, a digital marketplace platform that allows companies to incorporate digital content into existing rewards and loyalty programs in support of marketing and sales initiatives.

As described in the section entitled the “Perk.com Transaction” below, on December 13, 2015, we entered into an Asset Purchase Agreement (the “Perk Agreement”) with Perk.com, Inc. (“Perk”) to sell our rewards business, including the Viggie app, to Perk. This asset sale subsequently closed on February 8, 2016.

As the nature of our business has changed, we changed our name from DraftDay Fantasy Sports, Inc. to Function(x) Inc., and changed our ticker symbol from DDAY to FNCX.

We recently acquired assets of Rant for \$2 million in assumed liabilities, a \$3 million note, and 4,435 shares of Function(x) Inc. Series E Convertible Preferred Stock which, upon satisfaction of certain conditions including shareholder approval, will be convertible into shares of our common stock equal to 22% of the fully diluted shares outstanding, in a move to become a market leader in social publishing.

Digital Publishing

Our digital publishing businesses include Wetpaint and Rant. Wetpaint is a leading entertainment news destination for millennial women. Covering the latest in television, music, celebrities, entertainment news, fashion, and pop culture, Wetpaint reaches millions of unique users on a monthly basis. Through Wetpaint, we publish more than 55 new articles, videos, and galleries each day. Wetpaint is a social publisher whose target audience is millennial women, primarily 18- to 34-year-old women. With social packaging around original entertainment news content, we showcase exclusive interviews, breaking stories, and our fangirl spin on pop culture. We generate content through our team of in-house professional writers and editors who are experts in their fields. Each writer is immersed in pop culture and what is happening on-screen and behind the scenes of fans’ favorite TV shows and movies. They seek to deliver content to our readers in a fun, visual and informative way and to ensure that our fans are up to date on all the latest entertainment news and gossip.

Wetpaint is a leading-edge media platform that uses its proprietary state-of-the-art technologies and expertise in social media to build and monetize audiences. We are very focused on knowing our audience, which is made possible through our proprietary Social Distribution System (“SDS”), a patented technology-based social experimentation and publishing platform. Wetpaint’s competitive advantage is this complete audience-development engine, which optimizes the packaging and distribution of content by getting it to the right audience at the right place and time on the internet.

To enhance our digital publishing business, we recently acquired assets of Rant. Rant is a leading digital publisher that publishes original content in 13 different verticals, most notably in sports, entertainment, pets, cars, and food. Adweek

published that Rant's flagship RantSports.com property was ranked #1 by Quantcast for target digital ad buying for the 2015 holiday season, indicating the power of reaching a targeted audience. Rant and its expanding internet property lineup has established itself as a leading innovator in online media consumption. Known for the well-established brand RantSports, Rant has since expanded its

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reach towards the areas of lifestyle, fitness, exercise, entertainment, technology, and celebrities. Rant was recently named both #18 overall on Inc 500's Fastest Growing Companies - #1 in Media - and #31 on Forbes' Most Promising Companies of 2015.

As a complement to our existing Wetpaint publishing business, Rant brings an expanded reach into sports, lifestyle, and entertainment publishing. The combined properties currently have approximately 12.7 million fans on their Facebook pages and, for the quarter ended June 30, 2016, generated an average of 14.5 million unique visitors per month. With the acquisition of Rant, we gain a highly optimized digital media delivery technology which amplifies the speed of digital content publishing, getting information and relevant advertising to the end user more quickly than before. Rant's platform is designed for desktop and mobile content at the billions-of-pageviews per year level. Because of its low cost of operation, the coupling of the Rant platform and the SDS technology creates powerful tools in digital content publishing.

Our digital publishing businesses are very focused on knowing their audience. This is made possible through our proprietary SDS, a patented technology-based social experimentation and publishing platform. Our competitive advantage is this complete audience-development engine, which optimizes the packaging and distribution of content, getting it to the right audience at the right place at the right time primarily through social media. The technology is designed to generate fans on our pages on Facebook and other social media outlets. Our content is then displayed in the fans' feeds on Facebook and other social media sites, which can then drive traffic to our websites. Our technology contains a test and measurement system that delivers real-time audience insights, and provides optimized distribution by audience. Because we use this proprietary technology, a significant amount of our website traffic is generated through social media channels, particularly Facebook. Facebook and other social media outlets routinely update their algorithms to adjust what content is displayed in users' feeds. The test and measurement feature of our technology help us to stay current in maximizing website traffic from social media channels as these algorithms change. We have seven issued patents related to the SDS technology.

Our digital publishing businesses generate revenue by displaying advertisements to our users as they view content on our websites. We source ads by working directly with advertisers, or their advertising agencies, and by working through several third party ad networks who are all bidding against each other for our advertising inventory in real time. Advertisements are typically priced as a base price per thousand views, also known as Cost-Per-Mille (CPM), but can also be priced as a base price per click, also known as Cost-Per-Click (CPC), or as a base price per intended action, also known as Cost-Per-Action (CPA). The vast majority of our revenues are derived from ads sourced from third party ad networks.

Acquisition of Rant, Inc.

On July 12, 2016, the Company and RACX Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("RACX"), completed an acquisition pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") with Rant, Inc., a Delaware corporation, pursuant to which RACX has acquired the assets of Rant (the "Asset Purchase") used in the operation of Rant's Rant.com independent media network and related businesses, including but not limited to the www.rantsports.com, www.rantlifestyle.com, www.rantchic.com, www.rantgirls.com, www.rant-inc.com, www.rantstore.com, www.rantcities.com, www.rantcars.com, www.rantfinance.com, www.ranthollywood.com, www.rantfood.com, www.rantgamer.com, www.rantgizmo.com, www.rantpets.com, www.rantplaces.com, www.rantpolitical.com, www.rantmn.com, www.rantbeats.com, www.rantgirls.com, www.rantstore.com, www.rantcities.com, www.rantranet.com, and www.rantmovies.com websites (the "Rant Assets"). In consideration for the purchase of the Rant Assets, the Company (i) delivered a Secured Convertible Promissory Note to Rant in the amount of \$3.0 million; (ii) assumed \$2.0 million of liabilities of Rant and (iii) issued to Rant 4,435 shares of Company Series E Convertible Preferred Stock.

Rant is a digital publishing network that creates original content, most notably in sports, entertainment and pets - that reaches major diversified demographics.

The combined Wetpaint and Rant properties currently have approximately 12.7 million fans on their Facebook pages and, for the quarter ended June 30, 2016, generated an average of 14.5 million unique visitors per month.

DraftDay.com

The DraftDay.com business (“DraftDay Business” and/or “DraftDay”) conducts business as DDGG and operates a daily fantasy sports website at DraftDay, and other white-label websites on behalf of its business-to-business clients. DraftDay Business is focused on the business-to-business market allowing consumer brands entry into the fantasy sports market with turnkey solutions in the United States and Canada. DDGG’s model provides three unique benefits: (1) business-to-business white-label strategy that

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significantly reduces customer acquisition cost risks; (2) partner liquidity sharing that provides opportunities for large price pools via aggregation; and (3) a platform that has the latest in customer protections in the industry.

DraftDay's technology is a Software-as-a-Service ("SaaS") platform and powers the complete user experience, which can be linked to a new or existing website or integrated into an existing authentication process using a secure Application Program Interface ("API"). DraftDay manages all aspects of the website operation, including: taking the deposits, managing the tournaments, handling the withdrawals, and providing customer support on behalf of a client's new or existing brand.

DDGG supplies a full white-label solution that allows businesses to participate in the fast growing skill-based game market. By using DDGG's white-label solution, a business can offer a fantasy sports product to its customers without incurring the ongoing technology costs and other capital expenditures. By focusing on offering white-label solutions to businesses, DDGG's strategy is to build a network of players through the established databases of DDGG's participating clients. This model is strategically focused to minimize costs of user acquisition. In addition, the aggregated network of users across DDGG's clients' databases creates larger prize pools to generate higher player engagement and retention. DDGG continues to develop its business plan by focusing on the regulated market of casinos as well as the entertainment and sports industries.

The DraftDay platform is web-based with enhanced mobile experiences, including Apps, that allow end users to engage in daily fantasy sports tournaments that span single or multiple days, creating rosters from all available players in a variety of tournament formats. Businesses working with DraftDay receive seamless integration, enterprise marketing support, and state-of-the-art monitoring and reporting for revenue optimization.

DraftDay employs industry-leading consumer protection protocols and technology, including geolocation services from GeoComply, identity verification (Know-Your-Customer) from IDology, and enhanced responsible play controls customized by locale.

The daily fantasy sports industry, including DDGG's business, is subject to an evolving legislative and regulatory landscape. Some states employ a "predominance" test or a "material factor" test to determine whether or not a game is one of skill. Others have specific laws prohibiting pay-to-play fantasy sports. Therefore, DDGG does not operate in Alabama, Arizona, Indiana, Iowa, Louisiana, Montana, Nevada, Tennessee, Texas, Vermont, Virginia, or Washington. Several state Attorneys General have issued opinions that daily fantasy sports either do or do not meet the states standards under their current laws. In those states with negative treatment, DDGG has suspended services until there is further clarity in those states through the legal, legislative, and regulatory processes. On November 10, 2015, the New York State Attorney General issued a letter to FanDuel and DraftKings, two of the largest competitors in the fantasy sports industry, stating that it believes that their activities constitute illegal gambling under New York law, and instructing them to cease their offerings to New York residents. As a result, DDGG has ceased its fantasy sports offerings to New York residents. However, on August 3, 2016, New York enacted a law that legalizes and regulates fantasy sports in New York. DDGG intends to seek that approval to operate from the New York state regulators.

Choose Digital

Choose Digital was founded in 2011 as a supply chain to the loyalty and incentive industry, allowing major programs (airline frequent flier, banks and hotel loyalty programs, etc.) to offer digital content as a reward redemption option. Choose Digital's products and services allow any reward program to integrate our large digital media marketplace, giving their members the ability to browse, redeem, and download latest releases or classic favorites.

Choose Digital is a white-label digital marketplace featuring the latest and a wide range of digital content, including music, eBooks, and audiobooks. The content is sourced from leading record companies and book publishers. The marketplace can be fully branded and integrated seamlessly into clients' current online environments. Today, Choose Digital's marketplace powers a number of loyalty programs in the U.S. and Canada, allowing customers and participants to enjoy the latest in digital content instantly.

Choose Digital generates revenues when participants in Choose Digital's clients' loyalty programs redeem loyalty credits for digital content provided by Choose Digital. For example, if a participant in a loyalty program redeems credits for a song download provided by Choose Digital, the client loyalty program pays Choose Digital for the download.

Choose Digital offers several custom and turnkey products for creating e-commerce web apps for selling digital music, eBooks, and audiobooks within small or large loyalty programs. The extensive digital media catalog consists of new releases and large back-catalogs of major music labels and book publishers. New catalog items are added daily.

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Choose Digital's technology and expertise provides the ability for client companies and organizations to quickly add digital media items to their loyalty reward programs. The digital media catalog can be fully customized to the client's needs and can involve integrating the full-featured API, or employing our services to create a custom, seamless, standalone, and managed storefront accessible by their member base.

The Private Placement

On July 12, 2016, we closed a private placement (the "Private Placement") of \$4.4 million principal amount of convertible debentures (the "Debentures") and common stock purchase warrants (the "Warrants"). The Debentures and Warrants were issued pursuant to a Securities Purchase Agreement, dated July 12, 2016 (the "Purchase Agreement"), by and among us and certain accredited investors within the meaning of the Securities Act of 1933, as amended (the "Purchasers"). Upon the closing of the Private Placement, we received gross proceeds of \$4.0 million before placement agent fees and other expenses associated with the transaction. We will use the net proceeds from the transaction for general business and working capital purposes.

The Debentures mature on the one-year anniversary of the issuance date thereof. The Debentures are convertible at any time at the option of the holder into shares of our common stock at an initial conversion price of \$0.3133 per share (the "Conversion Price"). Based on such initial Conversion Price, the Debentures will be convertible into up to 15,604,504 shares of common stock. If we issue or sell shares of our common stock, rights to purchase shares of our common stock, or securities convertible into shares of our common stock for a price per share that is less than the Conversion Price then in effect, the Conversion Price then in effect will be decreased to equal such lower price. The adjustments to the Conversion Price will not apply to certain exempt issuances, including issuances pursuant to certain employee benefit plans or for certain acquisitions. In addition, the Conversion Price is subject to adjustment upon stock splits, reverse stock splits, and similar capital changes. However, in no event will the Conversion Price be less than \$0.10 per share. The Debentures are secured by a first priority lien on substantially all of our assets in accordance with a security agreement.

The Debentures bear interest at 10% per annum with interest payable upon maturity or on any earlier redemption date. At any time after the issuance date, we will have the right to redeem all or any portion of the outstanding principal balance of the Debentures, plus all accrued but unpaid interest at a price equal to 120% of such amount. The holders of Debentures shall have the right to convert any or all of the amount to be redeemed into common stock prior to redemption. Subject to certain exceptions, the Debentures contain customary covenants against incurring additional indebtedness and granting additional liens and contain customary events of default. Upon the occurrence of an event of default under the Debentures, a holder of Debentures may require us to pay the greater of (i) the outstanding principal amount, plus all accrued and unpaid interest, divided by the Conversion Price multiplied by the daily volume weighted average price or (ii) 115% of the outstanding principal amount plus 100% of accrued and unpaid interest. Pursuant to the Debentures, we are required to make amortizing payments of the aggregate principal amount, interest, and other amounts outstanding under the Debentures. Such payments must be made beginning three months from the issuance of the Debentures and on the monthly anniversary through and including the maturity date. The Amortization Amount is payable in cash or in shares of our common stock pursuant to the conversion mechanism contained in the Debentures.

On July 20, 2016, we and the Purchasers entered into an Amendment to Securities Purchase Agreement and Consent to Modify Debentures (the "Amendment and Consent"). The Amendment and Consent provides that, while the Debentures are outstanding, Mr. Sillerman will guarantee that we shall have \$1.0 million available in our commercial bank account or otherwise available in liquid funds. At any time when our available funds fall below \$1.0 million, Mr. Sillerman will provide (the "Sillerman Guaranty") the amounts necessary to make-up the shortfall in an aggregate amount not to exceed \$6.0 million; however, the first \$5.0 million of the guaranty shall be provided by drawing down on our Line of Credit with Sillerman Investment Company IV, LLC ("SIC IV"). Any remaining amounts, up to a maximum aggregate of \$1.0 million shall be provided by Mr. Sillerman.

The registration statement of which this prospectus forms a part is registering 48,888,906 shares of common stock that may become issuable if we are required to adjust the conversion price of the Debentures from the initial conversion price of \$0.3133 to \$0.10, the lowest possible conversion price. However, we may not be required to make any such adjustment to the conversion price, or any required adjustment may result in a conversion price between \$0.10 and

\$0.3133. As a result, the additional shares may never become issuable by us.

As a part of the Private Placement, we issued Warrants to the Purchasers providing them with the right to purchase up to an aggregate of 7,092,957 shares of the Company's common stock at an initial exercise price of \$0.3264 per share. Subject to certain limitations, the Warrants are exercisable on any date after the date of issuance and the exercise price for the Warrant is subject to adjustment for certain events, such as stock splits and stock dividends. If we issue or sell shares of our common stock, rights to purchase shares of our common stock, or securities convertible into shares of our common stock for a price per share that is less than the conversion price of the Debentures, the exercise price of the Warrants will be decreased to a lower price based on

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the amount by which the conversion price of the Debentures was reduced due to such transaction. The foregoing adjustments to the exercise price for future stock issues will not apply to certain exempt issuances, including issuances pursuant to certain employee benefit plans or for certain acquisitions. In addition, the exercise price is subject to adjustment upon stock splits, reverse stock splits, and similar capital changes. The Warrants will expire 5 years from the initial issuance date.

In addition, we issued to Aegis Capital Corporation (“Aegis”), the placement agent in connection with the Private Placement, Warrants providing them with the right to purchase up to an aggregate of 1,063,944 shares of our common stock at initial exercise price of \$0.3264 per share. The Warrants issued to Aegis contain substantially the same terms as the Warrants issued to the Purchasers. The shares of our common stock that underlie the Warrants held by Aegis are included in this registration statement.

The registration statement, of which this prospectus forms a part, is registering 25,555,565 shares of common stock that may become issuable if we are required to adjust the exercise price of the Warrants held by the Purchasers and Aegis from the initial exercise price of \$0.3264 to \$0.10. \$0.10 is the lowest possible exercise price of the Warrants. However, we may not be required to make any such adjustment to the exercise price, or any required adjustment may result in an exercise price between \$0.10 and \$0.3264 for the Warrants. As a result, the additional shares may never become issuable by us.

The Purchasers shall not have the right to convert the Debentures or exercise the Warrants to the extent that such conversion or exercise would result in such Purchaser being the beneficial owner in excess of 4.99% of our common stock. In addition, the Purchasers have no right to convert the Debentures or exercise the Warrants if the issuance of the shares of common stock upon such conversion or exercise would exceed the aggregate number of shares of our common stock which we may issue upon conversion of the Note and exercise of the Warrant without breaching our obligations under NASDAQ listing rules. Such limitation does not apply if our shareholders approve such issuances. We intend to promptly seek shareholder approval for issuances of shares of common stock issuable upon conversion of the Debentures and exercise of the Warrants.

In connection with the Private Placement, we and the Purchasers entered into a Registration Rights Agreement under which we are required, on or before 30 days after the closing of the Private Placement, to file a registration statement with the Securities and Exchange Commission (the “SEC”) covering the resale of the shares of our common stock issuable pursuant to the Debentures and Warrants and to use commercially reasonable efforts to have the registration declared effective as soon as practicable, but in no event later than 90 days after the filing date. We will be subject to certain monetary penalties, as set forth in the Registration Rights Agreement, if the registration statement is not filed, does not become effective on a timely basis, or does not remain available for the resale (subject to certain allowable grace periods) of the Registrable Securities, as such term is defined in the Registration Rights Agreement.

Also in connection with the Private Placement, certain stockholders of ours have executed Lock-Up Agreements, pursuant to which they have agreed not to sell any shares of our common stock until the later of (i) six months following the issuance of the Debentures or (ii) 90 days following the effectiveness of a resale registration statement filed pursuant to the requirements of the Registration Rights Agreement.

Going Concern

Our Consolidated Financial Statements as of June 30, 2015, and the auditor's report on those financial statements, include a disclosure paragraph regarding the uncertainty of our ability to continue as a going concern, which implies we will continue to realize our assets and discharge our liabilities in the normal course of business. We are unlikely to pay dividends or generate significant revenue or earnings in the immediate or foreseeable future. The continuation of our Company as a going concern is dependent upon the continued financial support from our stockholders and our ability to obtain necessary equity and/or debt financing to continue development of our business and to increase revenue. Management intends to raise additional funds through equity and/or debt offerings until sustainable revenues are developed. There is no assurance such equity and/or debt offerings will be successful or that development of the business will be successful, and therefore there is substantial doubt about our ability to continue as a going concern within one year after the financial statements are issued. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

We have assessed the effectiveness of our internal control over disclosure controls and procedures as of March 31, 2016. As a result of this assessment, we concluded that, as of March 31, 2016, our internal controls over disclosure controls and procedures was not effective. Our management identified the following material weaknesses in our internal control over financial reporting and disclosure controls and procedures, which are the consequences of our limited financial resources and small staff: (i) inadequate segregation of duties and effective risk assessment; (ii) insufficient levels of supervision and review of the disclosure controls and procedures process; and (iii) failure to design, implement and maintain adequate operational and internal controls and processes to identify complex transactions requiring specialized accounting expertise.

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For more information regarding our business, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” included elsewhere in this prospectus.

Corporate Information

We were incorporated in Delaware in July 1994, and were formerly known as DraftDay Fantasy Sports, Inc., Viggie Inc., Function (X) Inc., and Gateway Industries, Inc.

Our principal executive offices are located at 902 Broadway, 11th Floor, New York, New York 10010. The telephone number at our principal executive office is (212) 231-0092. Our website address is www.functionxinc.com.

Information contained on our website is not deemed part of this prospectus.

The Offering

Common stock
outstanding prior to
this offering 60,475,058

Common stock
offered by the selling
stockholders 74,444,471

Common stock
outstanding after this
offering 134,919,529

Use of Proceeds We will not receive any proceeds from the sale of common stock offered by the selling stockholders under this prospectus. Further, we will not receive cash proceeds from the exercise of the Warrants by the selling stockholders to the extent such Warrants are exercised pursuant to certain cashless exercise provisions contained in the Warrants.

Offering Price All or part of the shares of common stock offered hereby may be sold from time to time in amounts and on terms to be determined by the selling stockholders at the time of sale.

NASDAQ Capital
Market Symbol “FNCX”

The number of shares of our common stock outstanding prior to this offering is based on 60,475,058 shares of our common stock outstanding as of July 20, 2016 and excludes the following:

907,001 shares of common stock issuable upon the exercise of options outstanding as of July 20, 2016, with a weighted-average exercise price of \$9.96 per share;

5,281,414 shares of common stock reserved for future issuance under our 2011 Executive Incentive Plan, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under the plan;

15,604,504 shares of common stock issuable upon conversion of the Debentures (including accrued interest) held by the selling stockholders at an initial conversion price of \$0.3133; and

8,156,901 shares of common stock issuable upon exercise of the Warrants held by the Purchasers and the Placement Agent at an initial exercise price of \$0.3264 per share.

The common stock offered by the selling stockholders includes:

48,888,906 shares of common stock offered by the selling stockholders issuable upon conversion of the Debentures (including accrued interest) issued in the Private Placement (such shares, the "Conversion Shares"). In relation to the conversion of the Debentures, 15,604,504 shares of common stock are currently issuable.

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33,284,402 shares of common stock may become issuable upon conversion of the Debentures if we are required to adjust the conversion price from their initial conversion price of \$0.3133 to \$0.10, the lowest possible conversion price. However, we may not be required to make any such adjustment to the conversion price, or the required adjustment may result in a conversion price between \$0.10 and \$0.3133. As a result, the additional shares may never become issuable by us.

25,555,565 shares of common stock offered by the selling stockholders issuable upon exercise of the Warrants issued in the Financing (such shares, the "Warrant Shares"). 8,156,901 shares of common stock are currently issuable upon exercise of the Warrants held by the Purchasers and the Placement Agent at an initial exercise price of \$0.3264 per share.

17,398,664 shares of common stock may become issuable upon exercise of the Warrants if we are required to adjust the exercise price of the Warrants from the initial exercise price of \$0.3264 to \$0.10. \$0.10 is the lowest possible exercise price. However, we may not be required to make any such adjustment to the exercise price, or the required adjustment may result in an exercise price between \$0.10 and \$0.3264 for the Warrants. As a result, the additional shares may never become issuable by us.

The common stock to be outstanding after this offering assumes the conversion of all Debentures at a conversion price \$0.10 per share and full exercise of the Warrants at an exercise price of \$0.10 per share.

RISK FACTORS

The following risk factors should be considered carefully in addition to the other information contained in this prospectus. This prospectus contains forward-looking statements. Our business, financial condition, results of operations and stock price could be materially adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business financial condition, results of operations and stock price.

We have been notified by NASDAQ that our stock will be delisted because we have failed to comply with the continuing listing requirements of NASDAQ. We appealed NASDAQ's decision, and NASDAQ has granted us an extension until August 22, 2016 to regain compliance with NASDAQ's continuing listing criteria. If we are unable to regain compliance by that date, our stock will be delisted. As a result, liquidity in our stock could be impaired, and our stock price will likely decline.

Our common stock has traded on the NASDAQ Capital Market under the symbol DDAY. NASDAQ recently informed us that we have failed to comply with certain of NASDAQ's continuing listing criteria, and that our stock will be delisted. We appealed the decision, and NASDAQ has granted us an extension until August 22, 2016 to regain compliance with its continuing listing criteria. If we are not able to regain compliance by that time, our stock will be delisted. In addition, we received a letter from NASDAQ that due to the resignation of Birame Sock as a director, we are no longer in compliance with NASDAQ rules relating to independent directors. We have six months to appoint another independent director in order to regain compliance. Delisting will impair the