

# administrative Decision No. (3/R.T) of 2017 concerning The Venture Capital Fund Controls

The Chief Executive Officer,

Having considered,

- The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market, as amended;
  - The Cabinet Resolution No. (13) of 2000 concerning the Regulation for Functioning of the Securities and Commodities Authority, as amended;
  - Chairman of the Authority's Board of Directors' Decision No. (70/R) of 2007 concerning the Authorities of the Chief Executive Officer;
  - Chairman of the Authority's Board of Directors' Decision No. (38/R) of 2015 concerning Assigning Dr. Obaid Saif Al Zaabi as Acting Chief Executive Officer of the Securities and Commodities Authority;
  - Chairman of the Authority's Board of Directors' Decision No. (9/R.M) of 2016 concerning the Regulation for Investment Funds,
- And based on the requirements for the work interest,  
Has decided:

## **Venture Capital Fund Article (1)**

A private investment fund that invests in high risk investments such as new projects, modern technologies, distressed projects, or companies with new or creative ideas in technology or in the business area of the company.

## **Article (2)**

Subject to the Investment Funds Regulation, the following conditions must be satisfied by the Fund:

I. Investment funds whose managed assets value amounts (180) million Dirhams or more:

- 1.Prepare an annual report in accordance with the International Financial Reporting Standards (IFRS);
- 2.Appoint a Risk Management Officer;
- 3.Exposure to the Fund's risks may not exceed its net asset value.

II. Investment funds whose managed assets value amounts less than (180) million Dirhams:

- 1.Prepare a summary of the annual report in accordance with the IFRS;

2.Exposure to the Fund's risks may not exceed its net asset value.

## **Investments of the Venture Capital Fund**

### **Article (3)**

The Venture Capital Fund shall:

I. Invest at least (70%) of its assets in one or more of the following investments:

1. Units of other venture capital funds, provided that the investments of such funds may not be more than (10%) of their assets in other venture capital funds;
2. Equity instruments issued by companies not listed in the regulated primary market or other instruments issued by such companies or their affiliates, which end up with equity in any of them;
3. Lending money to the companies referred to in Item (2), provided that such lending may not be more than (30%) of the Fund's assets, and provided that the Fund is an investor in the company which issue such instruments;
4. Lending money to the new or distressed projects, provided that such lending may not be more than (30%) of the Fund's assets, or the Fund may enter as a partner in such projects;

II. The Fund's investments may not be more than (30%) of its assets in the investments where a public open investment fund (Emirates UCITS) is permitted to invest.

III. If the Fund invests outside the State, the investment shall be subject to the same provisions set forth in the sub-clauses (I and II) herein regardless of the name of such instrument at the place of its issuance outside the State.

### **Article (4)**

The Fund shall:

1. Perform regular evaluation of the Fund's assets and units at least once a year;
2. Issue an annual report containing the components of the Fund's investments, the activities engaged, and the profits or losses realized during the year;
3. The ratio of the Fund's loans or guarantees shall not exceed its assets.

### **Article (5)**

This Decision shall be communicated to those concerned to implement it, and shall come into effect as of the date of its issuance.

Obaid Saif Al Zaabi

Acting Chief Executive Officer

Issued in Abu Dhabi Dated: 5/1/2017

---