

Call for Expression of Interest No.SVI-2016/01 to select Financial Intermediaries that will receive resources from the Swedish Venture Initiative and EIF co-investment to implement the following Financial Instrument: Early Stage Venture Capital Fund.

Reference number: Call for EoI – SVI-2016/01

## Introduction

As part of the National Operational Programme for Investments in Growth and Jobs 2014-2020<sup>1</sup> (hereinafter, “OP”), with the purpose of tackling the market failure identified by the ex-ante assessment carried out by Tillväxtverket (“TVV”) and finalised in February 2015 (“**Ex-ante Assessment**”), TVV, a Swedish national government agency acting as Managing Authority, has agreed to dedicate resources to the implementation of a fund-of-funds with EIF, hereinafter **Swedish Venture Initiative**, in accordance with Article 38 (4)(b)(i) of the Common Provision Regulation (“CPR”) and in accordance with the provisions of a funding agreement entered into on 29 April 2016 between TVV and EIF (“**Funding Agreement**”).

Relevant rules for implementing the Financial Instrument (as defined) are primarily stipulated in the CPR, the Delegated Act, the Implementing Regulation and the ERDF Regulation (respectively as defined below) and applicable Swedish law and regulations.

This Call for Expression of Interest is addressed to bodies or firms, which are interested in receiving resources from the Swedish Venture Initiative, as Financial Intermediaries (as defined) for the implementation of the Early Stage Venture Capital Fund. Such activities shall be carried out in accordance with the contractual agreements to be entered into by the EIF and the selected Financial Intermediaries (“**Operational Agreement(s)**”).

EIF will co-invest with Swedish Venture Initiative in the Early Stage Venture Capital Fund. The co-investment by EIF will be made with a fixed 2 (Swedish Venture Initiative) : 1 (EIF) ratio, as further explained in Section 4, directly into each fund.

Interested Financial intermediaries in applying under this Call should submit an application (the “Expression of Interest”) to EIF by the Deadline to be considered as a possible financial intermediary under the SVI, depending, inter alia, on the availability of the budgetary resources for SVI, as described.

## 1. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below, unless otherwise defined above or the context requires otherwise.

**Applicant** means a Financial Intermediary applying to this Call for Expression of Interest;

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<sup>1</sup> National Operational Programme for Investments in Growth and Jobs 2014-2020, approved by European Commission on 3 December 2014

<b>Business Day</b>	means a day during which EIF Luxembourg office is open, and banks are open for general business in Stockholm and Luxembourg;
<b>Common Provision Regulation or CPR</b>	means the Common Provisions Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council;
<b>Deadline</b>	means <u>14 September 2016</u> >
<b>Delegated Act</b>	means the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing the CPR;
<b>EIB Group</b>	means the European Investment Bank (EIB) and the European Investment Fund (EIF);
<b>Eligibility Criteria</b>	means the criteria with which the Expressions of Interest and the Applicants must comply with and which are listed in Annex 2 hereof;
<b>Expression of Interest</b>	means a proposal sent by an Applicant in response to this Call for Expression of Interest, within the Deadline, to be drafted in accordance with the template attached hereto;
<b>Ex-ante Assessment</b>	means ex-ante assessment of financial instruments for Cohesion Policy 2014-2020 carried out by the TVV and finalised on February 2015;
<b>ERDF Regulation</b>	means regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013;
<b>Financial Instrument</b>	Early Stage Venture Capital Fund;
<b>Financial Intermediary</b>	means an entity undertaking risk capital investments by providing long-term equity and/or quasi-equity (including investment funds, private equity funds and special purpose vehicles established or in formation) to be selected by EIF for the implementation of (a) Financial Instrument;
<b>Fund-of-Funds or FoF</b>	means, as defined by Article 2 (27) of the CPR and established through the Funding Agreement, the Swedish Venture Initiative, set up with the objective of contributing support from the OP to several financial instruments;
<b>Implementing Regulation</b>	means the Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of the CPR.;
<b>Non-Cooperative Jurisdictions</b>	means any jurisdiction which does not co-operate with the EU in relation to the application of internationally agreed tax standards;
<b>Operational Agreement</b>	means an agreement entered into between a Financial Intermediary and the EIF regarding a Financial Instrument on the basis of this Call for Expression of Interest and the selection process, in accordance with the CPR and the Delegated Act;
<b>Quality Assessment Criteria</b>	means the quality assessment criteria applied by EIF at the sole discretion of EIF to assess the suitability of the Applicant and/or the proposed Financial Instrument according to the business standards of EIF and which are listed in Annex 2 hereof;
<b>Selection Criteria</b>	means the Eligibility Criteria and the Quality Assessment Criteria;

### **Small and Medium-sized Enterprises or SMEs**

means a micro (including individual entrepreneurs and self-employed persons), small or medium-sized enterprise as defined, as applicable, in the Commission Recommendation 2003/361/EC of 6 May 2003, as amended from time to time concerning the definition of micro, small and medium-sized enterprises.

## **2. Swedish Venture Initiative description**

According to the Funding Agreement, the European Investment Fund, 37B JF Kennedy Avenue, L-2968 Luxembourg, was appointed by the TVV to act as its agent to manage the amounts made available under the Funding Agreement in the form of the FoF pursuant to Article 38(4)(b)(i) of the CPR.

## **3. Eligible Financial Intermediaries**

The EIF shall select several Financial Intermediaries to implement an Early Stage Venture Capital Fund in accordance with the procedure described below. The selection of Financial Intermediaries shall be made based on the funding available from time to time, and shall be based on the Selection Criteria.

Financial Intermediaries shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Furthermore, in the case of cross-border Financial Instrument where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Financial Intermediary is incorporated, Financial Intermediaries (and sub-intermediaries) shall not be incorporated in Non-Cooperative Jurisdictions. Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.

Financial Intermediaries shall acknowledge the EIF Anti-Fraud Policy ([http://www.eif.org/attachments/publications/about/Anti\\_Fraud\\_Policy.pdf](http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf)) which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing and shall take appropriate measures (as may be further specified in the Operational Agreements) to facilitate implementation of such policy.

## **4. Description of the activities expected from the selected Financial Intermediaries**

The selected Financial Intermediary or Intermediaries shall implement the Financial Instrument as provided for in Articles 37 and 38 of the CPR.

It is planned to allocate out of the FoF an amount of up to approx. SEK 360 million to the Financial Instrument. The target is to invest in three Early Stage Venture Capital Funds.

See below a list of the indicative allocation and the relevant Annex setting out the Selection Criteria and the description of the Financial Instrument.

Financial Instrument	Indicative capital allocation	Applicable Annexes
Early Stage Venture Capital Fund	Approx. 360 million SEK	Annex 2 (Financial Instrument: Description and Selection Criteria)

EIF will co-invest with FoF in the Financial Instrument. The co-investment by EIF will be made with fixed 2 (FoF) : 1 (EIF) ratio, thus the combined resources of FoF and co-investment by EIF will be indicatively allocated to the Financial Instrument as follows:

- Early Stage Venture Capital Fund/s with the indicative allocation of approx. SEK 540m;

The indicative capital allocated to the Financial Instrument, as well as the amounts available for contribution by the FoF to the selected Financial Intermediary(-ies), may be changed as necessary, at EIF's sole discretion, particularly if the funding available changes during the FoF implementation process or the demand for the Financial Instrument so requires. Also, during implementation process of the Financial Instrument, EIF may, at its sole discretion, decide to propose to increase / decrease its commitment to a particular Financial Intermediary. With a view to maximising the efficient use of the resources of the FoF, EIF shall have sole discretion to allocate any available amounts to Financial Intermediaries that out-perform initial expectations on the build-up of the relevant Portfolio. For the avoidance of doubt, any fully committed capital to the Financial Instrument shall be governed by the terms of the relevant operational agreement.

## 5. Expression of Interest

A template for the Expression of Interest is attached hereto as Annex 1.

The Expression of Interest shall include the Applicant's identification, the Business Plan, the supporting identification documents and the Declaration of Honour.

No later than **24 August 2016**, the Applicants may request clarifications regarding this Call for Expression of Interest or the nature of the Financial Instrument. Such requests must indicate the Call for Expression of Interest reference number and the name of the Applicant and shall be submitted in English via e-mail to:

Regional Business Development  
European Investment Fund  
[info.rbd@eif.org](mailto:info.rbd@eif.org)

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to relevant requests for clarifications received within the relevant deadline will be published together in a Clarification Document to be posted on the website [www.eif.org](http://www.eif.org), at latest on **5 September 2016**.

EIF will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a mere technical nature. However, should EIF discover any errors, inaccuracies, omissions or any other type of clerical defect in the text of the Call for Expression of Interest before the Deadline, EIF will correct the text and inform accordingly.

The Expressions of Interest, including the submitted documents, shall be in English only.

## 6. Submission of Expression of Interest

The Expressions of Interest shall be submitted on or before the Deadline **both** by (i) e-mail **and** (ii) registered mail or professional courier service. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form and in removable electronic storage medium (e.g. CD-ROM or USB stick).

**The Deadline for the submission of Expressions of Interest is 14 September 2016.**

The Deadline applies (i) in case of e-mails, to the reception by EIF and (ii) in case of registered mail or professional courier service, to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the reference number of the Call (**SVI-2016/01**) and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund  
Attention: Regional Business Development  
37B, avenue J.F. Kennedy  
L-2968 Luxembourg  
LUXEMBOURG

The outer envelope (package) shall indicate the following:  
“Expression of Interest – **SVI-2016/01** – Not to be opened by the reception – To be passed without opening to Regional Business Development”.

The electronic version of the Expression of Interest shall be sent to: [info.rbd@eif.org](mailto:info.rbd@eif.org), stating in the subject of the email: “**SVI-2016/01**: [name of the Applicant]”.

Prior to the Deadline and in the same manner as specified above, the Applicants may change or amend their Expressions of Interest by clearly indicating the parts to be changed or amended.

An acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the following:

- unique application identifier (Expression of Interest number), to be used in all subsequent communications relating to the Expression of Interest;
- confirmation that the Expression of Interest was received by the Deadline.

The acknowledgement of receipt does not constitute a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any other kind of assessment or acceptance of the same.

The Applicants may withdraw their Expression of Interest at any stage of the Selection process, by sending (i) an email and (ii) a letter to the above-mentioned addresses.

## **7. Selection process**

Financial Intermediaries shall be selected on the basis of EIF’s policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the OP, the criteria laid down in the CPR and the Delegate Act and Article 140 (1), (2) and (4) of Regulation 966/2012, and the experience and financial capacity of the Applicants.

In addition, the Expressions of Interest will be examined by the EIF on a comparative basis, using professional analysis and judgment, based on the Selection Criteria.

Following the receipt of the Expression of Interest, EIF shall assess the application(s) pursuant to the selection process outlined herewith. This process comprises:

1. Pre-selection;
2. Due diligence;
3. Selection.

Following the pre-selection based on the Expression of Interest EIF shall perform a due diligence of the pre-selected Applicant, as a result of which EIF shall decide whether or not to approve the

signature of an Operational Agreement, in accordance with its internal rules and procedures, under the FoF with the pre-selected Applicant.

The contractual negotiation process may not be considered concluded prior to the approval of the signature of the Operational Agreement in accordance with EIF's internal rules and procedures, and is in any case not concluded until EIF and the Applicants have agreed on all relevant terms and conditions.

Each of these three steps is described in more detail below from section 7.1 to section 7.3.

Applicants who are not initially considered for contractual negotiations may, subject to the EIF's discretion, be included on a reserve list, which unless cancelled or extended in writing by EIF shall be valid up to 31 December 2022, following notification of inclusion in the reserve list (hereinafter, "Reserve List").

In any phase of the selection process before entering into an Operational Agreement with an Applicant, EIF reserves full discretion to consider or not Applicants (and participating entities, in case of joint Expressions of Interest), and no Applicant or participating entity may have any claim or other right or may expect to be ultimately selected as Financial Intermediary. The negotiation of terms and conditions of the Operational Agreement does not entail any obligation for EIF to enter into such Operational Agreement with the relevant Applicants.

EIF will send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process. EIF may, but shall not be obliged to provide reasons of such rejection.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint about selection process by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>).

## **7.1 Pre-selection**

Expressions of Interest will be assessed by the EIF for pre-selection on a comparative basis. When assessing the Expressions of Interest, EIF will use its professional analysis and judgment.

The pre-selection comprises:

1. Pre-selection stage 1: Eligibility assessment of the Expressions of Interest;
2. Pre-selection stage 2: Quality assessment of the Expressions of Interest.

### **7.1.1 Eligibility assessment of the Expressions of Interest**

EIF will assess whether the Expressions of Interest for the Financial Instrument have been prepared in accordance with the provisions of this Call and comply with Eligibility Criteria.

The Expressions of Interest that do not comply with the Eligibility Criteria will be rejected. Financial Intermediaries, whose application is rejected because of non-compliance with any of the elements reflected in the Declaration of Honour (Appendix 4 to the Expression of Interest), may not present themselves for consideration in subsequent Calls for Expression of Interest unless it is specifically evidenced that the reason for the exclusion no longer exists.

### **7.1.2 Quality assessment of the Expressions of Interest**

After completing assessment of the Eligibility Criteria, and after having obtained any additional information or clarifications from Applicants, if and as needed, the EIF will perform the quality

assessment of the Expressions of Interest according to the Quality Assessment Criteria. The assessment of Expressions of Interest at this stage will be conducted under competitive terms.

## **7.2. Due diligence**

Top-ranked pre-selected Expressions of Interest will be followed up with the due diligence process, carried out in accordance with the EIF's internal rules and procedures, where financial and operational matters relating to the financial instrument implementation shall be analysed in more detail.

The aim of the due diligence is to assess, inter alia, the ability to generate a qualitative deal flow, undertake an appropriate and relevant investment/divestment strategy, the commitment of the Applicant, the experience, etc., systems and ability to comply with the reporting requirements. The due diligence normally comprises an on-site visit, which shall be at the discretion of the EIF. The due diligence process does not comprise legal negotiations.

## **7.3. Selection**

Based on the pre-selection outcome and the outcome obtained following the due diligence, the EIF will decide either:

- 1) To select the Applicant, by way of EIF Board approval;
- 2) To put the Applicant into a Reserve List;
- 3) To reject the proposal from the Applicant.

Subject to satisfactory outcome of the due diligence, EIF may request its Board approval to enter into Operational Agreement with the selected Financial Intermediary. EIF has no obligation to enter into an Operational Agreement with the selected Applicant.

If an Applicant is selected, the EIF can agree with an Operational Agreement, subject to (i) successful commercial and legal negotiations (ii) the EIF internal approval of the transaction according to EIF own rules and procedures.

## **8. Publishing of information on the Financial Intermediaries**

EIF may publish, from time to time, on its website a list of Financial Intermediaries, which may include the name and the registered addresses of the Financial Intermediaries, types of the contract entered into and the FoF contribution. EIF may also publish a list of Final Recipients (SMEs) benefiting from the assistance by the Applicant as provided for in the Operational Agreement(s).

A Financial Intermediary may, prior to receiving financial support under the instrument, notify EIF in writing detailing its inability to comply with and/or be subject to the publication requirement if it risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union. In addition, such publication shall not be required if it would be illegal under the applicable laws and regulations. However, such publication shall be determined by applicable laws, regulations and Operational Programmes.

## **ANNEXES**

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| Annex 1. | Expression of Interest and relevant Appendixes templates |
| Annex 2. | Financial Instrument: Description and Selection Criteria |

## ANNEX 1 – EXPRESSION OF INTEREST

To:

European Investment Fund

Attention: Regional Business Development Unit

37B, avenue J.F. Kennedy

L-2968 Luxembourg

Call for Expression of Interest No.:

SVI-2016/01

Deadline for the submission of the Expression of Interest :

14 September 2016

Expression of Interest for Financial Instrument:

Early Stage Venture Capital Fund

Applicant submitting the Expression of Interest:

\_\_\_\_\_, \_\_\_\_\_  
(company name, registration  
number / standard identification  
code, if applicable)

Sir/madam,

Herewith we are submitting our Expression of Interest on behalf of (Applicant) in response to the Call for Expression of Interest No. SVI-2016/01 in the framework of the FoF implemented through EIF acting as agent of Tillväxtverket. Capitalised expressions utilised herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest.

The undersigned, duly authorised to represent the (Applicant), by signing this form certifies/certify and declare(s) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements.

The undersigned duly authorised to represent the [Applicant], by signing this form certifies and declares to have read the EIF Anti-Fraud Policy and declares not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Early Stage Venture Capital Fund Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Early Stage Venture Capital Fund Agreement. The Applicant acknowledges and agrees that, if selected, to be audited by Member State audit bodies, the Commission and the European Court of Auditors.

The undersigned, duly authorized to represent the [Applicant], by signing this form certifies and declares that the [Applicant] does not perform illegal activities according to the applicable legislation in the countries of establishment.

Yours sincerely,



Signature(s):

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name:

Place:

Date (day/month/year):

Appendixes to be submitted with the Expression of Interest:

Applicant Identification (Appendix 1)

Business Plan (based on elements listed in Appendix 2)

Applicant Documents (listed in Appendix 3)

Declaration of Honour (based on template in Appendix 4)

## Appendix 1 to EXPRESSION OF INTEREST

### APPLICANT IDENTIFICATION

#### 1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT NAME	
CONTACT DETAILS	Address: Telephone: E-mail:
LEGAL FORM	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS	Denomination of register: Date of registration: Country of registration: Standard identification code / registration number, if applicable:

#### 1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

INFORMATION REQUIRED	
TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

#### 1.3. Contact person (if different from 1.2)

TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

## Appendix 2 to EXPRESSION OF INTEREST BUSINESS PLAN

Applicants are asked to provide an outline investment proposal ("Business Plan") in relation to the Financial Instrument. The Business Plan should provide concise information on the following items:

### Market

- Detailed description of the targeted market segment;
- Description of competitors;
- Co-operation with main participants in the relevant market segments (including, if relevant, universities, science hubs, business incubators and entrepreneurship initiatives);
- Marketing strategy of the instrument.

### Investment strategy

- Minimum/Target/Maximum fund size, including rationale for it;
- Fund focus, including product (minority/majority equity, mezzanine, hybrid, etc.), stage and sector, geographical focus (with % outside Sweden, if any), number of deals/ticket sizes at varying fund sizes and targeted returns;
- Strategy for generation of deal flow, post-investment adding-value to investee companies strategy and exit strategy;
- Expected leverage effect at investee company level (syndication strategy);
- How the investment strategy is linked to Sweden and how it contributes to the development of Swedish economy;
- Environmental, social and corporate governance (ESG) policy.

### Management

- Fund Manager team profile (current composition and expansion plans at varying fund sizes), detailing who would be full-time dedicated to the fund and who would be part-time (describing side activities for the part-time team members);
- List joiners and leavers of the team, their date of arrival/departure, position at arrival and current title;
- Relevant team members' CVs (outlining for example main academic, professional and other relevant experience, age, nationality, current place of living);
- Description of the joint experiences of the team members;
- List all board seats (if any) of the team members and how current activities will impact the operation of the fund;
- Planned location of team members, and their ability to communicate in English and Swedish;
- Timeline for finalization of team and establishment of office in Sweden, if relevant;
- Description of governance and legal structure for all fund related entities foreseen (incl. governing laws);
- Information on members of the investment and advisory committees to be established (including, inter alia, involvement and decision making procedure);
- Detail the shareholder base/ownership of the Applicant and the envisaged shareholder base for the fund management company, if it's planned to set up a new entity as a fund manager;
- Details of the carry allocation;

- Detail the history of the Applicant and its previous/existing business activities, particularly describing any activity having potential of conflicts of interest with the planned fund;
- Describe any linkages restricting full independence of the management team and fund manager;
- Measures proposed to deal with potential conflicts of interest;
- Provide at least three to four references (including telephone numbers) for each team member (including where possible related to a transactions relevant to the proposed strategy: CEOs of investees, co-investors, other).

#### Track record

- Please provide, as of 30/06/2016: per team member(s) involved split in two sections - realised and unrealised: name of investee company, date of entry/exit, invested amount, ownership, proceeds received to date, entry/exit multiple, current valuation, multiple of cost, gross IRR, role of team member in transaction, describe relevance with the fund strategy, provide references;
- Where the track record involves formal funds, in addition to individual transaction information, net fund level returns should be included.

#### Terms and conditions

- Main economic terms, including management costs and fees (base remuneration - operational budget of the fund; fee offset policy) and incentive structure (performance-based remuneration) proposed;
- Indicative investment from fund management company and the management team into the Fund;
- Indicative investment requested under this call;
- Winding-up provisions of the Financial Instrument, including the return of resources from the fund to the FoF;
- Private investor commitment details (envisaged commitment and stage of discussion).

*The business plan should be consistent with the indicative termsheet of the Early Stage Venture Capital Fund and Selection Criteria. There is no set expectation on the document's length, but the Applicants are encouraged to be concise.*

## Appendix 3 to EXPRESSION OF INTEREST

### LIST OF APPLICANT DOCUMENTS TO ATTACH<sup>2</sup>

- 1) Copy of Applicant's registration Certificate, if applicable;
- 2) Copy of identity card, passport or any other document which can be used for identification purposes, for the Applicant's Representative;
- 3) Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers).

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<sup>2</sup> Copies of original documents as well as uncertified translations in English would be sufficient.

## Appendix 4 to EXPRESSION OF INTEREST

### DECLARATION OF HONOUR

The undersigned [name of the signatory(ies) of this Declaration], representing the following legal person: [name of the Applicant] (the "Financial Intermediary")

full official name:

official legal form:

full official address:

VAT registration number:

HEREBY declares that the Financial Intermediary is not in one of the following situations:

- a) the Financial Intermediary is as of the date of this declaration bankrupt or being wound up, is as of the date of this declaration having its affairs administered by the courts, in this context, has during the last five (5) years from the date of this declaration entered into an arrangement with creditors, has as of the date of this declaration suspended business activities, is as of the date of this declaration the subject of proceedings concerning those matters, or is as of the date of this declaration in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*, which would affect its ability to implement the Financial Instrument . Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- c) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of *res judicata* for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- d) as of the date of this declaration, the Financial Intermediary is guilty of misrepresentation in supplying information required for selection as a Financial Intermediary or fails to supply this information; and
- e) as of the date of this declaration, the Financial Intermediary is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

Full name

Date (day/month/year):

Signature(s)

## **ANNEX 2 - Financial Instrument: Description and Selection Criteria**

### **Part I: Description of the Financial Instrument**

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

#### **1 Rationale**

The purpose of the Financial Instrument is to support SMEs by providing funding in the form of either equity or quasi-equity in Sweden.

#### **2 The Financial Instrument – indicative term sheet**

**See separate file with Early Stage Venture Capital Fund term sheet**

## Part II: SELECTION CRITERIA for the Financial Intermediary

1.	ELIGIBILITY CRITERIA	System of appraisal
		Yes/ No
1.1.	The Expression of Interest is submitted within the Deadline	
1.2.	The Expression of Interest is submitted both by registered mail and e-mail	
1.3.	The Expression of Interest is completed and submitted in English	
1.4.	The Expression of Interest is duly signed	
1.5.	The Expression of Interest is prepared substantially in accordance with Annex 1 to the Call for Expression of Interest. All necessary supporting documents are provided	
1.6.	Applicant's compliance with the requirements listed in the Declaration of Honour (Appendix 4 to Expression of Interest)	
1.7.	Applicant's commitment for own investment in the Fund as requested in the Description of the Financial Instrument	
1.8.	Applicant is or will be entitled to carry out relevant implementation tasks under European Union and national law	
1.9.	Applicant has adequate economic and financial viability	
1.10.	Applicant has adequate capacity to implement the Financial Instrument, including organisational structure and governance framework	
1.11.	Applicant has an effective and efficient internal control system	
1.12.	Applicant has or adequately demonstrates that it will establish accounting system providing accurate, complete and reliable information in a timely manner	
1.13.	Applicant has acknowledged and agreed, if selected, to be audited by Member State audit bodies, the Commission and the European Court of Auditors	

2.	QUALITY ASSESSMENT CRITERIA	WEIGHTING
2.1.	<b>Project Relevance, Quality and Coherence</b> 2.1.1. Evaluation of the Fund focus and proposed investment strategy, including viability of Fund's size; 2.1.2. Evaluation of the Fund Manager team profile, stability and ability to implement the Financial Instrument; 2.1.3. Assessment of operational, financial, technical and early stage investment competences; 2.1.4. Track record of the Fund Manager team; 2.1.5. Capability as members of boards and/or committees of an investment and/or advisory nature; 2.1.6. Evaluation of Applicant's investment processes, including dealflow generation, ability to invest, ability to build companies and add value and exit strategy; 2.1.7. Ability to demonstrate additional activity in comparison to present activity (only applicable to existing teams).	60 points
2.2.	<b>Project Maturity</b> 2.2.1. Applicant's own investment in the fund;	20 points



	2.2.2. Demonstration of ability to source deals in Sweden; 2.2.3. Demonstration of ability to raise private financing.	
2.3.	<b>Institutional Capacity &amp; Sustainability</b> 2.3.1. Fund Manager long-term viability; 2.3.2. Assessment of the robustness and credibility of the envisaged methodology/procedures for identifying and appraising investees; 2.3.3. Assessment of the investees' advisers / pool of experts' structure to be put in place; 2.3.4. Assessment of legal structures and independence; 2.3.5. Terms and Conditions, including management costs and fees, and incentive structure/profit share calculation methodology proposed; 2.3.6. Assessment of the alignment of interests between the Fund Manager and FoF, and of the measures to mitigate possible conflicts of interest; 2.3.7. Assessment of Reporting Procedures; 2.3.8. Terms and conditions applied in relation to financing provided to investees, including pricing.	20 points

<b>Financial Instrument</b>	Early Stage Venture Capital Fund
<b>Envisaged state aid regime</b>	Envisaged to be state-aid free.
<b>Investment focus</b>	Fund investment strategy shall be focussed on innovative high-growth early stage SMEs
<b>Investment range</b>	<p>Fund may start investing early in the seed stage of the company development and have the potential to follow on in next rounds. However, it could also participate directly in A-rounds, provided appropriate opportunities occur.</p> <p>Appropriate portfolio diversification expected. Up to 15% of the total fund size in any single investee (fund Advisory Board approval needed in case the limit needs to be exceeded)<sup>3</sup>.</p>
<b>Eligible investees</b>	<p>Undertakings which at the time of the initial risk finance investment are unlisted SMEs<sup>4</sup> and fulfil at least one of the following conditions:</p> <ul style="list-style-type: none"> <li>(a) they have not been operating in any market;</li> <li>(b) they have been operating in any market for less than 7 years following their first commercial sale;</li> <li>(c) they require an initial risk finance investment which, based on a business plan prepared in view of entering a new product or geographical market, is higher than 50 % of their average annual turnover in the preceding 5 years.</li> </ul> <p>The investment shall support the following:</p> <ul style="list-style-type: none"> <li>a) Establishment of new enterprises;</li> <li>b) Early stage-capital (seed capital and start-up capital);</li> <li>c) Expansion capital;</li> <li>d) Capital for the strengthening of the general activities of an enterprise;</li> <li>e) Realisation of new projects;</li> </ul>

<sup>3</sup> Regulatory ceiling is EUR 15m per investee

<sup>4</sup> As defined, as applicable, in the Commission Recommendation 2003/361/EC of 6 May 2003, and in the Annex 1 of Commission Regulation (EU) No 651/2014 of 17 June 2014, as amended from time to time concerning the definition of micro, small and medium-sized enterprises

	<p>f) Penetration of new markets or new developments by existing enterprises.</p> <p>The investment may cover: (1) investment in tangible assets or intangible assets, (2) working capital within the limits of applicable state aid rules and with a view to stimulating the private sector as a supplier of funding to enterprises, and (3) include the costs of transfer of proprietary rights in enterprises provided that such transfers take place between independent investors.</p> <p>The investment shall be newly originated (not a refinancing). The investments shall be expected to be financially viable.</p>
<b>Private investor contribution</b>	Minimum 50% + 1 SEK private financing at the fund level.
<b>Investment period</b>	No longer than 5 years from the first closing of the fund <sup>5</sup>
<b>Follow-on investments</b>	<p>Provided that the following conditions are met:</p> <p>(1) the closing of the fund has taken place before 31 December 2017, and</p> <p>(2) at least 55% of the commitments are invested by 31 December 2023,</p> <p>up to 20% of the commitments can be allocated for follow-ons after 31 December 2023. The period through which follow-on investments can be made cannot exceed four years after 31 December 2023<sup>6</sup>.</p>
<b>Type of financing</b>	Equity and / or quasi-equity
<b>Fund duration</b>	10 +1 +1 years (with extensions being subject to an investor or Advisory Board approval)
<b>Fund manager's commitment</b>	As an alignment tool between investors and the manager, to be assessed against fund operational economics and broader financial position of the manager's team
<b>Management fee basis</b>	Typically paid on the committed capital during the investment period and on the invested capital (acquisition cost of the active portfolio of the fund reduced by the acquisition cost of the fund's investments that have been sold, written-off or written-down) thereafter. Alternatively fixed-fee for the post investment

<sup>5</sup> In no case initial investments can be made after the end of 31 December 2023

<sup>6</sup> As per Article 42(3) of EC Regulation 1303/2013

	<p>period could be considered.</p> <p>The period through which the management fee is paid after 31 December 2023 cannot exceed six years.</p> <p>Selection of funds through this Call for Expression of Interest constitutes a selection through a competitive tender for the purposes of Article 13(6) of EC Regulation 480/2014. As a result, the management fee caps referred to in Article 13(2) and (3) of said regulation do not apply if the outcome of the Call for Expression of Interest proves the need for higher management fees and costs.</p> <p>Market standard carried interest as performance based remuneration.</p>
<b>Management fee and cost cap</b>	<p>Management costs and fees to be paid after 31 December 2023 shall not exceed 1.5 % per annum of the invested capital, calculated pro rata temporis from 31 December 2023 until repayment of the investment, the end of the recovery procedure in the case of defaults or 31 December 2029, whichever is earlier.</p>
<b>Distribution cascade</b>	<p>Pari-passu distribution cascade for all investors.</p>
<b>Compliance</b>	<p>Clear procedures for KYC/AML and integrity checks on the sourced private investors and management of conflicts of interest shall be implemented by the fund manager in line with requirements of national legislation.</p>
<b>Prohibited types of investees and activities</b>	<p>Investments in following types of investees and activities shall not be supported:</p> <ul style="list-style-type: none"> <li>(a) the decommissioning or the construction of nuclear power stations;</li> <li>(b) investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC;</li> <li>(c) the manufacturing, processing and marketing of tobacco and tobacco products;</li> <li>(d) undertakings in difficulty, as defined under European Union State aid rules;</li> <li>(e) investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact;</li> <li>(f) Investments that are to be supported shall not be physically completed or fully implemented at the date of the investment agreement signature;</li> <li>(g) The investment shall not finance pure financial activities or real estate development when undertaken as a financial investment activity and shall not finance the provision of consumer finance;</li> <li>(h) The share of an investment that is dedicated to the purchase of land cannot exceed 10% of the principal amount;</li> <li>(i) The investment shall not be used to pre-finance a grant;</li> </ul>

	<ul style="list-style-type: none"> <li>(j) The investment shall not be affected by an irregularity or a fraud;</li> <li>(k) Refinancing and/or restructuring of existing loans and leases are not eligible;</li> <li>(l) The investment shall not refinance or restructure an existing loan;</li> <li>(m) The investment shall not finance ineligible expenditure;</li> </ul> <p>Investees may also receive assistance from another ESI Funds priority or programme or from another instrument supported by the budget of the European Union in accordance with applicable European Union State aid rules. In that case, separate records shall be maintained for each source of assistance and the expenditure financed from each source of assistance must be distinct from each other.</p> <p>The eligible investees shall not have a substantial focus on one or more Restricted Sectors. Such Restricted Sectors are as set out in the "Guidelines on the EIF Restricted Sectors" available for download on <a href="http://www.eif.org">www.eif.org</a><sup>7</sup></p>
<b>Place of business of SMEs</b>	Investments by the Fund shall only be made into enterprises registered in or with a branch in Sweden and be used for the purposes of investments in Sweden, except up to 15% of the fund's size can be invested outside Sweden but within European Union <sup>8</sup> .
<b>Publicity</b>	Fund manager will have to carry out adequate publicity activities and ensure visibility of ESIF financing in line with ESIF requirements, to be specified in the Operational Agreement
<b>Private Investors</b>	Private Investors shall be deemed to be any investors which (i) are economically and structurally independent from the fund manager, and from any entities and/or individuals connected thereto, (ii) are economically and structurally independent from the eligible beneficiaries where an Investment is made, and from any entities and/or individuals connected thereto, and (iii) in the reasonable determination of the Fund Manager, are normal economic operators (i.e. investors operating in circumstances corresponding to the market economy investor principle in a free market economy, irrespective of the legal nature and ownership structure of such operators, to the extent that they bear the full risk in respect of their investment). Upon the creation of a new company, private investors, including the founders, are considered to be independent from that company.
<b>Reporting</b>	The fund manager shall provide EIF with periodical information in a standardised form and scope as per

<sup>7</sup> [http://www.eif.org/news\\_centre/publications/2010\\_Guidelines\\_for\\_Restricted\\_Sectors.htm?lang=-en](http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm?lang=-en)

<sup>8</sup> Respecting Article 70 of EC Regulation 1303/2013

	<p>Invest Europe (formerly known as EVCA) guidelines for reporting, in compliance with ESIF regulations, as to be specified in the Operational Agreement.</p> <p>It is important to note that ESIF reporting rules will require fund managers to provide new data points (such as a split between base and performance management fees and the split between private and public nature of investors) which typically are not being tracked and a higher granularity of data (such as but not limited to Level 2 NACE and NUTS codes and country fiscal numbers). Furthermore, the fund manager should report any additional data that may derive from future changes to the ESIF regulations.</p>
<b>Monitoring and Audit</b>	<p>The fund manager and the investee companies shall agree to keep records as required under ESIF rules and to allow and to provide access to documents related to the Financial Instrument for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European Communities, EIF, Tillväxtverket and any other authorised bodies duly empowered by applicable law to carry out audit, evaluation and/or control activities. To that effect, the fund manager shall include appropriate provisions in each investment agreement</p>
<b>Fund's due diligence before investments</b>	<p>The fund manager will make investment decisions based on each investment's business plan, which should contain product description, turnover and profitability calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy.</p>
<b>Additional features of the Financial Intermediary</b>	<p>The fund manager will manage the fund based on commercial principles.</p> <p>Investors' representatives shall be appointed in appropriate advisory committee structures to review inter alia fund corporate governance.</p> <p>In the management of the fund, the fund manager shall apply best practices, inter alia considering guidelines developed by Invest Europe, and shall perform controls as required by the public nature of FoF investment.</p>
<b>Fund Manager</b>	<p>Financial Intermediary selected by EIF to manage the Financial Instrument. The fund manager must be independent and must be in a position to take the management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party which is not integrated in the structure.</p> <p>The fund manager will typically comprise a team of experienced professionals, acting with the diligence of a professional manager and in good faith, operating according to best industry practices, complying with</p>

	<p>professional standards issued by the Invest Europe or other equivalent organisation.</p> <p>Preferred fund managers shall have a strong network and partnership with international players.</p>
<b>Additional requirements</b>	<p>When selecting a financial intermediary, the selection panel shall satisfy itself that this intermediary fulfils the requirements of Art. 7 of Delegated Regulation 480/2014<sup>9</sup>.</p> <p>The fund manager shall ensure compliance with applicable law, including rules covering the ESIF and relevant national law and regulations, state aid, money laundering, the fight against terrorism and tax fraud. The fund manager, may, in line with its internal rules and procedures and particularly in the cases where fraudulent behaviour is suspected, be required to perform monitoring checks at the level of the investee companies.</p> <p>The fund shall not be established and shall not maintain business relations with entities incorporated in territories, whose jurisdictions do not cooperate with European Union in relation to the application of the internationally agreed tax standards and shall transpose such requirements in its contracts with final beneficiaries.</p> <p>The fund shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Funds (and sub-intermediaries) shall not be incorporated in territories whose jurisdictions does not co-operate with the EU in relation to the application of internationally agreed tax standards. Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.</p> <p>The fund manager shall refer to EIF Policies, in particular:</p> <ul style="list-style-type: none"> <li>- Anti-Fraud Policy;</li> <li>- EIF restricted sectors;</li> <li>- Policy on Offshore Financial Centres &amp; Governance Transparency;</li> </ul> <p>published on the EIF website.</p> <p>The fund will be required to return amounts invested which become affected by irregularities. For irregularities affecting amounts invested by the fund into target SMEs, the fund will be required to apply all</p>

<sup>9</sup> Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council

	applicable contractual and legal measures with due diligence for the purpose of recovering the relevant amounts.
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