

Sands Capital Ventures, LLC

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Form ADV Part 2A

Last Updated: April 18, 2011

This brochure provides information about the qualifications and business practices of Sands Capital Ventures, LLC ("SCV"). If you have any questions about the contents of this brochure, please contact us at (703) 562-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about SCV also is available on the SEC's website at www.adviserinfo.sec.gov.

In this brochure, SCV refers to itself as a registered investment adviser. This means that SCV is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Advisers Act registration does not and should not be read to imply a certain level of skill or training.

Item 2. – Material Changes

SCV is a newly formed investment adviser. This is the first time that SCV has prepared and filed a Form ADV Part 2A (the “Brochure”). In the future, this Item will discuss only material changes that are made to the Brochure and provide clients with a summary of those changes. SCV will also reference the date of the most-recent annual update of the Brochure.

You may request a copy of SCV’s Brochure at any time by contacting SCV at (703) 562-4000, or by email at mrubin@sandscap.com or jsuliman@sandscap.com.

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Item 4. – Advisory Business

SCV is a Delaware limited liability company and a newly-formed investment adviser. SCV was formed in October 2010. As described in greater detail below, SCV provides discretionary investment advice to clients regarding venture capital, private equity, and related investments. All of SCV's discretionary clients are investment-specific special purpose entities, typically organized as Delaware limited liability companies (each a "Transaction Vehicle"), which are formed to purchase and hold the securities of a single issuer acquired in a private placement investment. Certain high net worth individuals, their related investment entities, and other third party investors who are non-discretionary clients ("Investors") purchase limited liability company membership or other equity interests in the Transaction Vehicles.

Sands Capital Management, LP ("Sands LP") owns a majority interest in SCV. An affiliate of Sands LP, Sands Family Trust, LLC (the "Manager"), serves as the manager of SCV. The ownership structure of Sands LP is described in Item 10.

SCV provides access to venture capital, private equity, and related investment opportunities to the Transaction Vehicles which it manages and advises, and thus to the Investors who are members of those Transaction Vehicles. As described in greater detail in Item 8, SCV currently focuses its investment research and due diligence efforts on venture capital, private equity, and related investments in the healthcare science sector, related innovative technologies, and the more-broadly defined technology sector, but SCV may broaden the scope of the investment opportunities it considers at any time.

Prior to presenting an Investor with investment opportunities, SCV will enter into a non-discretionary management agreement (the "Investor Agreement") with the Investor. Once SCV has entered into an Investor Agreement with an Investor, SCV will present to the Investor venture capital or similar investment opportunities SCV has researched. An Investor must independently determine whether to invest in these investment opportunities (through the Transaction Vehicles) based upon the Investor's own evaluation of the investments. If sufficient Investor interest exists, SCV organizes a Transaction Vehicle to carry out each venture capital or similar investment opportunity. The Transaction Vehicle will issue membership or other equity interests to the participating Investors in exchange for capital contributions, and then use proceeds of the capital contributions to purchase the securities of the proposed target company in a private placement investment and to pay the Transaction Vehicle's expenses. Each Transaction Vehicle will hold only securities issued by a single portfolio company in which the Transaction Vehicle makes its initial investment, and that company's affiliates and successors. SCV organizes and manages a separate Transaction Vehicle to invest in each company identified by SCV as a targeted venture capital investment (although SCV could cause two Transaction Vehicles to invest on a side-by-side basis, in its discretion, if SCV determines such a structure necessary or advisable for regulatory or other reasons). Investors who are members of one Transaction Vehicle may or may not be members of another Transaction Vehicle, in the discretion of the Investors.

The limited liability company agreement, charter document, or other constituent agreement of each Transaction Vehicle (an "Operating Agreement") contains certain provisions

whereby SCV contracts to provide the Transaction Vehicle with investment advisory and management services. Pursuant to the Operating Agreement, SCV will, among other things, (i) determine the timing and terms of the Transaction Vehicle's investment in the proposed target company, (ii) provide ongoing management of such investment, including but not limited to the voting of the Transaction Vehicle's interest in such company and in some cases providing strategic advice to the management of the company, (iii) determine whether or not to cause the Transaction Vehicle to participate in follow-on financing of the company, and (iv) determine the timing and terms of the Transaction Vehicle's disposal of its interest in the company, or whether to make distributions of the investment in kind to Investors. In certain cases, members or other affiliates of SCV may serve on the board of directors of a company whose securities are held by a Transaction Vehicle or serve as an observer to the board.

In presenting an investment opportunity to an Investor, SCV is not making a suitability determination with respect to the Investor (other than requiring the Investor to meet certain general qualifications, discussed in Item 7) or otherwise representing or implying that the investment opportunity presented is suitable or an advisable investment for the Investor. SCV will not collect any information about Investors, their portfolios, or investment guidelines (such as Investors' risk tolerances, investment objectives, or strategic or tactical allocations) that would permit SCV to conduct such a suitability analysis. Each Investor will acknowledge and agree to such terms in its Investor Agreement.

SCV will have sole and absolute discretion in determining which Investors receive notice of and access to an investment opportunity, as well as the maximum or minimum investment amount it will permit or require an Investor to make with respect to the investment opportunity. SCV may select the Investors to which it presents an opportunity and the amount of available capacity in the investment that it allots to any Investor based upon any considerations it deems appropriate. An Investor has no right to be made aware of or to be given the opportunity to invest in any or all investment opportunities identified by SCV.

If SCV is presented with the opportunity to make a follow-on investment in a portfolio company held by a particular Transaction Vehicle, SCV may either structure a new Transaction Vehicle or make the investment through the existing Transaction Vehicle. In either case, SCV may present the opportunity to all or some of the existing members of the relevant Transaction Vehicle or may present it only to new Investors, in its sole and absolute discretion. If SCV determines to make the investment through the existing Transaction Vehicle, it may admit new Investors as additional members of the Transaction Vehicle, in its sole and absolute discretion. Such new Investors will generally not participate in the existing investments held by the Transaction Vehicle but will only participate in such follow-on opportunity.

SCV's complete discretion in allocating investment opportunities could result in a conflict of interest for SCV, as it may have the incentive to present the most promising opportunities to its affiliates, officers, and employees, or to investors that SCV believes could provide it or its affiliates with some strategic benefit. Because Investors do not pay a fee in connection with their Investor Agreement (as discussed in Section 5) and because Investors must make an investment decision based upon their independent evaluation of each opportunity, SCV does not believe this conflict presents a risk of harm to Investors. Even were allocations to be

made in a manner favoring certain Investors, other Investors would not be deprived of any benefit for which they had paid or which they were led to expect.

SCV generally intends to terminate a Transaction Vehicle and distribute all proceeds pro rata to Investors who are members of the Transaction Vehicle upon a liquidity event in the underlying investment, such as an initial public offering of the venture capital issuer or an acquisition of the issuer or the Transaction Vehicle's securities of the issuer for publicly-traded stock or cash. SCV may distribute such proceeds in cash or, in its discretion, in securities held by the Transaction Vehicle. Prior to the expiration of its term, Investors will have no right to redeem their investments in the Transaction Vehicle, and will obtain liquidity only upon the termination of the Transaction Vehicle or a partial disposition of the Transaction Vehicle's investments.

In evaluating potential investment opportunities, SCV's personnel may consult and share investment ideas with personnel of Sands Capital Management, LLC ("SCM"), an affiliate of SCV and a registered investment adviser. .

None of the Transaction Vehicles will be registered as investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The offer and sale of the securities of each Transaction Vehicle will not be registered under the Securities Act of 1933, as amended (the "Securities Act").

SCV does not tailor its investment research and due diligence to the individual needs of Investors. In presenting an investment to Investors, SCV will conduct no analysis of the suitability of the investment for the Investors. No Investor may impose any restrictions or limitations on the types of investments SCV presents to it.

Because it is a newly formed adviser, as of April 18, 2011, SCV had no assets under management.

Item 5. – Fees and Compensation

No Investor pays any fees to SCV pursuant to its Investor Agreement.

Each Transaction Vehicle will make an incentive allocation to SCV (the "Incentive Allocation") as managing member of the Transaction Vehicle equal to a percentage (generally 20%) of the net realized gains on the full or partial disposition of the investment made by the Transaction Vehicle. An Incentive Allocation to SCV will generally only be made with respect to an Investor after the Investor has received a full return of its capital contributions to the Transaction Vehicle.

The foregoing description of the Incentive Allocation is general in nature. Each Transaction Vehicle may have a different allocation structure as set forth in the Operating Agreement for the Transaction Vehicle. SCV may separately negotiate terms with individual Investors in a Transaction Vehicle which may result in those Investors making different Incentive Allocations than other Investors in the same Transaction Vehicle. SCV may reduce or

determine not to receive an Incentive Allocation with respect to certain Investors for such period(s) as it determines, in its discretion.

When SCV or its affiliates invest in a Transaction Vehicle, they generally will not be subject to an Incentive Allocation (or may be subject to a reduced allocation), in SCV's discretion.

Generally, any applicable Incentive Allocation is distributed to SCV following a full or partial disposition of a Transaction Vehicle's assets or other liquidity event that gives rise to a distribution by the Transaction Vehicle to all of its members.

Each Transaction Vehicle will bear its own start-up, offering, and organizational expenses, such as the cost of preparing the applicable offering and governing documents, the cost of negotiating initial agreements with service providers, and other legal, accounting, and administrative expenses (including certain technology costs) related thereto. Each Transaction Vehicle will bear its respective ongoing transaction, administrative, custody, legal (including blue sky compliance), tax preparation, investor reporting, valuation agent and appraisal fees and expenses, insurance and accounting and audit expenses, and any expenses for special services or reports that Investors require SCV to provide, as well as any other fees or expenses of the Transaction Vehicle which, in the determination of SCV, are reasonably incurred in connection with the business or maintenance of the Transaction Vehicle. In order to pay the anticipated expenses of a Transaction Vehicle, SCV may cause the Transaction Vehicle to maintain a portion of Investors' capital contributions in cash or cash management instruments as determined by SCV in its discretion.

Where SCV believes that expenses or liabilities are attributable or allocable to more than one Transaction Vehicle, SCV may, in its discretion, allocate such expenses in a manner it deems equitable.

SCV, one of its affiliates, and/or a third party may perform certain administrative services on behalf of a Transaction Vehicle (including but not limited to bookkeeping and financial reporting). A Transaction Vehicle will reimburse SCV or its affiliates for any expenses incurred on its behalf. A Transaction Vehicle will pay fees to third parties for such services according to such parties' standard fee schedules, and may reimburse such parties or certain expenses incurred on behalf of the Transaction Vehicles.

Transaction Vehicles may incur brokerage costs in disposing of investments. (See Item 12 for a discussion of SCV's brokerage practices.)

SCV or its affiliates may be compensated by the companies held by the Transaction Vehicles for advisory, consulting, or other services rendered in connection with the investment. The Investors will have no claim to, or offset against, such compensation, nor will the payment of any fees to SCV or its affiliates result in a reduction of compensation or distributions otherwise payable to SCV or its affiliates.

None of SCV's supervised persons accepts compensation for the sale of securities or other investment products.

Item 6. – Performance-Based Fees and Side-By-Side Management

SCV charges each Transaction Vehicle an Incentive Allocation, as described in Item 5. The Incentive Allocation is based upon net realized appreciation of assets. Such performance-based compensation may create an incentive for SCV to make investments that are riskier or more speculative than would be the case in the absence of a financial incentive based on the performance of a Transaction Vehicle. SCV, its affiliates, and certain Investors in a Transaction Vehicle may not be subject to an Incentive Allocation (or may incur a reduced allocation), in the discretion of SCV. SCV monitors the investments held by the Transaction Vehicles on an ongoing basis, and will endeavor to ensure that investments held by the Transaction Vehicles are appropriate without regard to the potential for performance-based compensation. SCV will require each Investor to represent that it is a "qualified client" within the meaning of Rule 205-3 under the Advisers Act as a condition to admission to a Transaction Vehicle.

Item 7. – Types of Clients

SCV generally anticipates that Investors will be high net worth individuals and their related investment entities. SCV does not, however, intend to limit Investors to such persons and entities. The general requirements for Investors are set forth below.

Each Investor must be (1) an "accredited investor" as defined in Regulation D under the Securities Act, and (2) a "qualified client" as defined in Rule 205-3 of the Advisers Act. In some cases, SCV may require an Investor to represent that it is a "qualified purchaser" under the Investment Company Act and the rules thereunder.

SCV will not accept "benefit plan investors" as defined by the Employee Retirement Income Security Act of 1974, as amended, as Investors.

Item 8. – Methods of Analysis, Investment Strategies and Risk of Loss

SCV focuses on venture capital, private equity, and related investment opportunities. SCV will utilize input from various methods of security analysis and various combinations of methods in rendering investment advice to each Transaction Vehicle. In addition to the methods already described in Item 4, SCV's method of security analysis may include (i) general market, specific industry or individual security, technical, or trend analysis, and (ii) communications with other investment advisers.

Identification of Investments

SCV focuses on venture capital investments in the healthcare, life sciences, and technology industries. SCV's principal sources of information include company prepared and disseminated information, including shareholder reports, press releases, physical inspections of corporate offices, plants and other assets, discussions with corporate management, research materials prepared by others, scientific and medical literature, discussions with others concerning

underlying technology, and discussions with consultants, physicians, scientists or other investment advisers. SCV will utilize input from various methods of security analysis and various combinations of analytical methods in rendering investment advice to the clients.

Targeted Investment Characteristics

SCV evaluates businesses in varying stages of development, with a preference for businesses with validated technologies and platforms with an identifiable path to revenue generation and/or profitability. SCV will identify businesses that span various stages of financing, ranging from non-revenue-producing businesses to profitable businesses seeking growth capital.

SCV may cause Transaction Vehicles to invest in domestic and foreign equity securities, including preferred and convertible stock as well as common stock of any type (including early and late stage venture capital). SCV may also from time to time invest in secured or unsecured debt, convertible debt, options, warrants, rights, or such other securities as SCV may deem advisable. SCV focuses its investment strategy on venture capital investments, including early stage and late stage growth capital.

Investment Risks

Investing in securities involves risk of loss which Investors must be prepared to bear; venture capital investments of the type targeted by SCV involve a particularly high level of risk, and Investors should be able to bear the loss of part or all of their investment in a Transaction Vehicle. The risk factors listed below represent a limited summary of the various risks presented by an investment in a Transaction Vehicle. Any Investor considering making an investment in a Transaction Vehicle should carefully review the “Risk Factors” and “Conflict of Interest” sections of the Transaction Vehicle’s confidential offering document.

Risk Inherent In Venture Capital Investments. The Transaction Vehicles’ investments will involve a high degree of risk. In general, the financial and operating risks confronting the companies in which the Transaction Vehicles invest can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there is no assurance that Investors will be adequately compensated for risks taken.

Early stage and development stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage also involve substantial risks. In certain cases, the companies may have previously obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business, or develop new products and markets. By definition, these activities involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

Investment in Companies Dependent Upon New Scientific Developments and Technologies. The Transaction Vehicles will often invest in companies developing new technologies or methods. Companies reliant upon the development of new technologies pose certain risks, including:

- rapidly changing science and technologies;
- products or technologies that may quickly become obsolete;
- exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;
- scarcity of management, technical, scientific, research, and marketing personnel with appropriate training;
- the possibility of lawsuits related to patents and intellectual property; and
- changing investor sentiments and preferences with regard to the specific industry sector relevant to the development or technology.

Illiquid Investments. The investments made by the Transaction Vehicles will be illiquid. Due to the illiquid nature of the investments, SCV may be unable to predict with confidence what the exit strategy will ultimately be for any such position, or that one will become available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political, or other factors.

Potential Liabilities. SCV officers and employees may become actively involved in the management of a company in which a Transaction Vehicle invests, including, without limitation, by serving as a member of the company's board of directors or an observer to the board. This can result in the Transaction Vehicle or the individual being named as a defendant in litigation. Typically, companies will have insurance to protect directors and officers, but this insurance may be inadequate. Each Transaction Vehicle will indemnify SCV, as manager, and its officers and employees, among others, for liabilities incurred in connection with operations of the Transaction Vehicle.

Potential for Unexpected Risks. In researching potential investments, SCV will in many instances rely upon materials created or provided by the company or its affiliates. Such information and materials are often provided on an "as-is" basis, and SCV may have a limited ability to verify any such information or the content of such materials. There can be no assurance that the information and materials provided to SCV fairly represent the business, operations, and financial outlook of a potential investment. As a result, SCV may not be able to properly identify, assess, and quantify the risks involved in an investment in the company. These unforeseen and/or unidentified risks could have an adverse effect on the investment made by a Transaction Vehicle.

Current Market Conditions. Recent events in the financial sector have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets. Both debt and equity markets, domestic and foreign, have experienced and may continue to experience increased volatility and turmoil. It is uncertain whether or for how long these conditions will continue. In addition, the U.S. government has taken a number of unprecedented actions to support certain financial and other institutions and segments of the financial markets that have experienced extreme volatility and, in some cases, a lack of liquidity. These events and possible continued market turbulence may have an adverse effect on Transaction Vehicles or companies in which the Transaction Vehicles invest.

Equity Securities. A Transaction Vehicle's assets will usually be invested in equity securities. Investment in equity securities offers the potential for substantial capital appreciation. However, such investment also involves certain risks, including issuer, industry, market, and general economic related risks. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other forms of investment.

In addition to equity securities, in certain circumstances a Transaction Vehicle may also invest in options or warrants.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity, or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium.

Warrants. Warrants can be more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the securities that may be purchased, nor do they represent any rights in the assets of the issuing company. Investment in warrants involves certain additional risks, including the possible lack of a liquid market for the resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach a level at which the warrant can be prudently exercised (in which case the warrant may expire without being exercised, resulting in the loss of a Transaction Vehicle's entire investment therein).

Convertibles. A Transaction Vehicle may invest in debt securities, preferred stocks, or other securities that may be converted into common stock ("Convertibles"). Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risk, credit spread expansion, and ultimately default risk. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a Convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the Convertible is preferred stock. However, Convertibles usually have a claim prior to the issuer's common stock. In addition, for some Convertibles, the issuer can choose when to convert to common stock, or can "call" (redeem) the Convertible, which may be at times that are disadvantageous for a Transaction Vehicle.

Item 9. – Disciplinary History

SCV is required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of SCV or the integrity of SCV's management. SCV has no legal or disciplinary information applicable to this Item.

Item 10. – Other Financial Industry Activities and Affiliations

Sands LP is the majority owner of SCV. Sands LP is also the majority owner of SCM, a registered investment adviser for which the Manager also serves as manager.

Sands LP is controlled by two limited liability companies, each of which owns less than 50 percent of Sands LP. Frank M. Sands, Sr. and Marjorie R. Sands ultimately control one of these limited liability companies; Frank M. Sands, Jr. and Jessica K. Sands ultimately control the other.

SCV has entered into a services agreement with SCM pursuant to which SCM is providing SCV with the personnel and resources necessary to conduct its business. Accordingly, all of SCV's personnel are also officers and/or employees of SCM and SCV operates from the same offices as SCM. SCV's portfolio managers and research analysts may consult and share investment ideas with SCM's personnel in sourcing and reviewing investment opportunities for SCV.

Certain qualifying clients of SCM may become Investors in Transaction Vehicles. SCV may, at various times, refer Investors to SCM.

SCV and its affiliates, including their officers and employees, may invest in a Transaction Vehicle alongside Investors or on a side-by-side basis with a Transaction Vehicle and may invest in opportunities that are not presented to other Investors.

Item 11. – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics, Personal Trading, Etc.

SCV has adopted a code of ethics in compliance with the Advisers Act (the "Code"). All of SCV's personnel are subject to the Code. The Code is based on the principle that SCV and its personnel owe a fiduciary duty to its clients. Accordingly, personnel must avoid activities,

interests, and relationships that might interfere, or appear to interfere, with making decisions in the best interests of clients.

The Code permits SCV's personnel to trade in securities for their own accounts provided that they comply with the restrictions imposed by the Code. Under the Code, certain personal securities transactions must receive written approval from SCV's chief compliance officer (the "CCO" which term also includes any delegate of the CCO) before a transaction can be initiated. The Code also requires periodic reporting of personal securities transactions and holdings. Each calendar quarter, SCV personnel are required to provide copies of all transactions in covered securities to the CCO.

In addition, because SCV's personnel are also officers and/or employees of SCM, they are also subject to SCM's code of ethics. SCM's code of ethics imposes comparable requirements on those persons subject to it.

Investors may request a copy of the SCV's code of ethics by contacting the CCO at (703) 562-4050, writing to 1101 Wilson Blvd., Suite 2300, Arlington, VA 22209, or emailing rhancock@sandscap.com.

Inside Information. SCV's personnel may, at times, come into possession of material non-public information through a number of means, including as a result of sitting on or serving as an observer to the board of directors of an issuer on behalf of a Transaction Vehicle that has invested in the issuer. SCV has adopted policies addressing the handling and protection of material non-public information. SCV will be prohibited from using such information to buy or sell securities until the information has been adequately disclosed to the public or is no longer material. This may cause SCV to be unable to dispose of or otherwise take action with respect to an investment at a given time, even if such action were in the best interests of applicable Transaction Vehicles.

Restricted List. In certain circumstances, SCV may conclude that certain transactions in a particular security need to be restricted and therefore the security may be placed on the "restricted list." While a security is on the restricted list, SCV may prohibit purchases, sales, or other transactions in the security by SCV personnel or Transaction Vehicles. The reasons for placing a security on the restricted list include, but are not limited to, (i) preventing the appearance of impropriety in connection with trading decisions, and (ii) preventing the use, or appearance of the use, of inside information.

Participation or Interest in Client Transactions

SCV presents Investors with investment opportunities in Transaction Vehicles which make performance-based incentive allocations to SCV from any profits derived from investments. Such performance-based compensation may create an incentive for SCV to make investments that are riskier or more speculative than would be the case in the absence of a financial incentive based on the performance of a Transaction Vehicle. SCV monitors the investments held by the Transaction Vehicles on an ongoing basis, and will endeavor to ensure

that investments held by the Transaction Vehicles are appropriate without regard to the potential for performance-based compensation.

SCV, one of its affiliates, and/or a third party may perform certain administrative services on behalf of a Transaction Vehicle (including but not limited to bookkeeping and financial reporting). A Transaction Vehicle will reimburse SCV or its affiliates for any expenses incurred on its behalf. A Transaction Vehicle will pay fees to third parties for such services according to such parties' standard fee schedules, and may reimburse such parties or certain expenses incurred on behalf of the Transaction Vehicles.

SCV or its affiliates may be compensated by the companies held by the Transaction Vehicles for advisory, consulting, or other services rendered in connection with the investment. Investors will have no claim to, or offset against, such compensation, nor will the payment of any fees to SCV or its affiliates result in a reduction of compensation or distributions otherwise payable to SCV or its affiliates. SCV addresses the conflict of interest presented by payment of fees by a company by negotiating such fees at arm's length with such company and generally seeking to ensure that such fees are, in the good faith opinion of SCV, in accordance with prevailing market rates in the relevant industry. SCV does not take into consideration whether a company will pay SCV or its affiliate a services fee when making an investment determination, and all fees that are known or reasonably expected to be received from a particular company as of the time of investment are disclosed to Investors prior to the Investors' investment in the applicable Transaction Vehicle.

SCV and its personnel may invest in securities for their own accounts. As described above, SCV has adopted the Code to address personal securities transactions and the conflicts they create.

SCV and its affiliates, including their officers and employees, may invest in a Transaction Vehicle alongside Investors or on a side-by-side basis with a Transaction Vehicle and may invest in opportunities that are not presented to other Investors.

SCV and its affiliates, including their officers or employees, may invest in a Transaction Vehicle alongside Investors or on a side-by-side basis with a Transaction Vehicle. Such investments may present a conflict of interest, which SCV addresses in the following manner. In the event that one or more of such related persons invests in a Transaction Vehicle, they will receive distributions in respect of their pro-rata interest at the same time as Investors, and their interest will be subject to the same limitations on withdrawal pursuant to the Transaction Vehicle's Operating Agreement. In the event that one or more of such related persons invests alongside a Transaction Vehicle in a particular company, such person will make its respective investment contemporaneously with the Transaction Vehicle's investment, on the same terms and conditions as the Transaction Vehicle, and such person will dispose of each such investment at substantially the same time and on the same terms as the Transaction Vehicle.

SCV and its affiliates, including their officers or employees, may invest in investment opportunities that are not presented to Investors.

Item 12. – Brokerage Practices

SCV anticipates that the investment opportunities presented to Investors through investments in Transaction Vehicles generally will be purchased in private placement transactions, without the assistance of a broker-dealer and without payment of any brokerage commissions or dealer mark-ups. In certain cases, however, particularly in the disposition of investments, SCV will have the authority and discretion to select brokers or dealers to execute securities transactions for the Transaction Vehicles.

In selecting and using a broker-dealer, SCV will effect portfolio transactions in a manner deemed fair and reasonable. The primary consideration in all such portfolio transactions is prompt execution of orders in an efficient manner at a favorable price. In selecting broker-dealers and negotiating commissions, SCV may consider a variety of factors, including the price of the security, the quality of execution and liquidity services provided by the broker-dealer, the broker-dealer's ability to obtain a timely execution, and the size and difficulty of the order. SCV may also consider the reliability, efficiency, accuracy, and integrity of the broker-dealer's general execution and operational capabilities, and the broker-dealer's financial condition. SCV may execute over-the-counter securities transactions on an agency basis, which may result in a Transaction Vehicle (and thus its Investors) incurring two transaction costs for a single trade: a commission paid to the executing broker plus the market maker's mark-up.

SCV anticipates that its transactions normally will not provide it with the opportunity to generate soft dollars. If, however, SCV were to generate soft dollars, it would only use such soft dollars within the "safe harbor" provided under Section 28(e) of the Securities Exchange Act of 1934.

SCV does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

SCV has full discretionary authority to select broker-dealers for the Transaction Vehicles' securities transactions. Investors are not permitted to direct brokerage with respect to the Transaction Vehicles purchases or sales of securities. If SCV liquidates a Transaction Vehicle and distributes securities to Investors, it may recommend that they use a specific broker in disposing of such securities.

SCV generally will not have the opportunity to aggregate trades for more than one Transaction Vehicle, given that it will only enter orders in disposing of a specific investment that it was created to hold.

Item 13. – Review of Accounts

SCV's portfolio managers research and attempt to locate new potentially profitable investments to present to Investors from time to time. Investments made by Transaction Vehicles are also reviewed as deemed appropriate by SCV, depending upon the nature of the investment. SCV's portfolio managers may assume a seat on a company's board of directors or serve as an observer to the board. In conjunction with such position, SCV will provide operational, strategic, and scientific support to the business.

Reports to Investors.

SCV will transmit to the Investors who are members of each Transaction Vehicle, within 120 days after the close of each fiscal year, financial statements of the Transaction Vehicle audited by an independent accountant in accordance with generally accepted accounting principles. In addition, SCV will provide quarterly and annual written status reports on investments then held by the Transaction Vehicle.

Item 14. – Client Referrals and Other Compensation

SCV or its affiliates may be compensated by the companies held by the Transaction Vehicles for advisory, consulting, or other services rendered in connection with the investment. Investors will have no claim to, or offset against, such compensation, nor will the payment of any fees to SCV or its affiliates result in a reduction of compensation or distributions otherwise payable to SCV or its affiliates. SCV addresses the conflict of interest presented by payment of fees by a company by negotiating such fees at arm's length with such company and generally seeking to ensure that such fees are, in the good faith opinion of SCV, in accordance with prevailing market rates in the relevant industry. SCV does not take into consideration whether a company will pay SCV or its affiliate a services fee when making an investment determination, and all fees that are known or reasonably expected to be received from a particular portfolio company as of the time of investment are disclosed to Investors prior to the Investors' investment in the applicable Transaction Vehicle.

Neither SCV nor a related person directly or indirectly compensates any person for client referrals to SCV.

Item 15. – Custody

SCV does not have custody of Investors' funds for purposes of Rule 206(4)-2 of the Advisers Act, the "custody rule." Because it serves as general partner or managing member of the Transaction Vehicles, however, under the custody rule it will be deemed to have custody of the funds and securities of the Transaction Vehicles. All of a Transaction Vehicle's assets, save for certain uncertificated securities purchased in a private transaction, will be held with a "qualified custodian," as defined in the custody rule, generally a bank or broker-dealer.

SCV is exempt from the quarterly account statement delivery obligations and surprise audit requirement of the custody rule because each of the Transaction Vehicles will be audited each year by an independent public accountant and will distribute financial statements to Investors in each Transaction Vehicle annually. As indicated above, Investors in each Transaction Vehicle receive audited financial statements for the applicable Transaction Vehicle within 120 days of the end of each fiscal year.

Item 16. – Investment Discretion

SCV has full discretionary authority over the investment activities of the Transaction Vehicles, and Investors may not impose any limitations on such authority.

Item 17. – Voting Client Securities

While SCV does not expect to receive any proxies, SCV has adopted policies and procedures with respect to the voting of proxies relating to securities held by Transaction Vehicles. SCV's policy is to evaluate and vote proxies in a manner consistent with the Transaction Vehicle's best interest. SCV considers that it acts in the best interest of a Transaction Vehicle when proxies are voted in a manner that it determines best serves the interest of maximizing value for the Transaction Vehicle. Prior to a proxy voting deadline, SCV determines how to vote on each proxy proposal based on its analysis of the information it has received and its proxy voting guidelines. There may be times when SCV determines that refraining from voting a proxy is in a Transaction Vehicle's best interest, such as when the cost of voting a proxy exceeds the expected benefit to the Transaction Vehicle.

Investors may obtain information regarding how SCV voted proxies relating to Transaction Vehicles in which those Investors have invested, and/or request a copy of SCV's proxy voting policies and procedures, by contacting the CCO at (703) 562-4050, writing to 1101 Wilson Blvd., Suite 2300, Arlington, VA 22209, or emailing rhancock@sandscap.com.

Under no circumstances may Investors direct how a Transaction Vehicle votes a proxy.

Item 18. – Financial Information

SCV does not require or solicit such prepayment of fees six months or more in advance.