

File No. _____

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the matter of
SOFINNOVA VENTURES, INC.

3000 Sand Hill Road, 4-250
Menlo Park, CA 94025

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APPLICATION FOR AN ORDER PURSUANT TO SECTION
206A OF THE INVESTMENT ADVISERS ACT OF 1940, AS
AMENDED, AND RULE 206(4)-5(e) THEREUNDER,
EXEMPTING SOFINNOVA VENTURES, INC. FROM RULE
206(4)-5(a)(1) UNDER THE INVESTMENT ADVISERS ACT
OF 1940

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This Application, including Exhibits, consists of 35 pages
Exhibit Index appears on page 24

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In the matter of)	APPLICATION FOR AN ORDER
)	PURSUANT TO SECTION 206A
)	OF THE INVESTMENT
SOFINNOVA VENTURES, INC.)	ADVISERS ACT OF 1940, AS
)	AMENDED, AND RULE 206(4)-
)	5(e) THEREUNDER,
)	EXEMPTING SOFINNOVA
)	VENTURES, INC. FROM RULE
)	UNDER 206(4)-5(a)(1) THE
)	INVESTMENT ADVISERS ACT
		OF 1940

I. PRELIMINARY STATEMENT AND INTRODUCTION

Sofinnova Ventures, Inc. (the “Adviser” or the “Applicant”) hereby applies to the Securities and Exchange Commission (the “Commission”) for an order pursuant to Section 206A of the Investment Advisers Act of 1940, as amended (the “Act”), and Rule 206(4)-5(e), exempting the Adviser from the two-year prohibition on compensation imposed by Rule 206(4)-5(a)(1) under the Act for investment advisory services provided to two government entities following a contribution by a covered associate to a candidate for state office and a contribution by a different covered associate to a candidate for local office as described in this Application, subject to the conditions set forth herein (the “Application”).

Section 206A of the Act authorizes the Commission to “conditionally or unconditionally exempt any person or transaction . . . from any provision or provisions of [the Act] or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of [the Act].”

Section 206(4) of the Act prohibits investment advisers from engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative and directs the Commission to adopt such rules and regulations, define, and prescribe means reasonably designed to prevent, such acts, practices or courses of business. Under this authority, the Commission adopted Rule 206(4)-5 (the “Rule”) which prohibits a registered investment adviser from providing “investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser.”

The term “government entity” is defined in Rule 206(4)-5(f)(5)(ii) as including a pool of assets sponsored or established by a State or political subdivision, or any agency, authority or instrumentality thereof, including a defined benefit plan. The definition of an “official” of such government entity in Rule 206(4)-5(f)(6)(ii) includes the incumbent, candidate, or successful candidate of an elective office with authority to appoint a person directly or indirectly able to influence the outcome of the government entity’s hiring of an investment adviser. The “covered associates” of an investment adviser are defined in Rule 206(4)-5(f)(2)(i) as including its managing member, executive officer or other individuals with similar status or function. Rule 206(4)-5(c) specifies that, when a government entity invests in a covered investment pool, the investment adviser to that covered investment pool will be treated as providing advisory services directly to the government entity. “Covered investment pool” is defined in Rule 206(4)-5(f)(3)(ii) as including any company that would be an investment company under Section 3(a) of the Investment Company Act of 1940, as amended (the “1940 Act”), but for the exclusion provided from that definition by Section 3(c)(7) of the 1940 Act.

Rule 206(4)-5(b) provides exceptions from the two-year prohibition under Rule 206(4)-5(a)(1) with respect to contributions that do not exceed a *de minimis* threshold, were made by a person more than six months before becoming a covered associate, or were discovered by the adviser and returned by the official within a specified period and subject to certain other conditions. Should no exception be available, Rule 206(4)-5(e) permits an investment adviser to apply for, and the Commission to conditionally or

unconditionally grant, an exemption from the Rule 206(4)-5(a)(1) prohibition on compensation.

In determining whether to grant an exemption, the Rule contemplates that the Commission will consider, among other things, (i) whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act; (ii) whether the investment adviser, (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule; (B) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution, (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (2) has taken such other remedial or preventive measures as may be appropriate under the circumstances; (iii) whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment; (iv) the timing and amount of the contribution which resulted in the prohibition; (v) the nature of the election (*e.g.*, Federal, State or local); and (vi) the contributor's apparent intent or motive in making the contribution that resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

Based on these considerations and the facts described in this Application, the Applicant respectfully submits that the relief requested herein is appropriate in the public interest and is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly, the Applicant requests an order exempting it to the extent described herein from the prohibition under Rule 206(4)-5(a)(1) to permit it to receive compensation for investment advisory services provided to two government entities within the two-year period following the contribution identified herein to an official of such government entities by two covered associates of the Applicant.

II. STATEMENT OF FACTS

A. The Applicant

The Adviser, Sofinnova Ventures, Inc., is a California corporation registered with the Commission as an exempt reporting adviser under the Act. The Applicant provides discretionary investment advisory services to private funds with aggregate regulatory assets under management of approximately \$1.8 billion at November 18, 2014. At the Adviser's direction, these funds make illiquid, private equity investments in life science and pharmaceutical companies that develop patient therapeutics and medicines. The following is a subset of the private funds for which the Applicant acts as investment adviser, each of which is excluded from the definition of investment company by Section 3(c)(7) of the 1940 Act (each a "Fund", collectively, the "Funds"): Sofinnova Venture Partners VII, L.P., Sofinnova Venture Partners VIII, L.P., and Sofinnova Venture Partners IX, L.P.¹

B. The State Contribution

1. *The Contributor.*

The individual who made the campaign contribution to a state-level candidate that triggered the two-year compensation ban (the "State Contribution") is James Healy (the "State Candidate Contributor"). The State Candidate Contributor is the Adviser's President, one of the Adviser's four current General Partners, and a senior investment professional at the Adviser who has been with the Adviser for 14 years. The size, nature, and recipient of the State Contribution were consistent with the State Candidate Contributor's political views and other cash-based political contributions. As discussed in detail below, the State Candidate Contributor failed to appreciate that his contribution to an Illinois gubernatorial candidate would trigger the prohibition on compensation under the Rule and was prohibited by the Applicant's policy.

¹ The Adviser also acts as an investment adviser to Sofinnova Venture Partners V, L.P., Sofinnova Venture Principals V, L.P., Sofinnova Venture Affiliates V, L.P., Sofinnova Venture Partners VI, L.P., Sofinnova Venture Partners VI, GmbH & CO KG, and Sofinnova Venture Affiliates VI, L.P. none of which, however, have either the State Client or the Local Client as an investor.

2. *The Government Entity.*

One of the investors in two Funds is a public pension plan identified as a government entity with respect to the State of Illinois. Throughout the application, the investor is referred to as a “State Client” and collectively with the Local Client (as defined below) as the “Clients.”

3. *The Official.*

The recipient of the State Contribution was Bruce Rauner (the “State Candidate”), who, at the time of the State Contribution was a gubernatorial candidate in Illinois, and at the time of this Application is the Illinois Governor-Elect. The investment decisions for the State Client are overseen by a board of trustees composed of a combination of thirteen individuals elected by the State Client’s constituents and appointed by elected officials. Six members of the State Client’s board are appointed by the elected official holding the office of Illinois Governor (the “Gubernatorial Appointees”). Due to this power of appointment, the Illinois Governor is an “official” of the State Client.² None of the Gubernatorial Appointees serving at the time of the State Contribution were appointed by the State Candidate, who has not yet taken office. Rather, each board member serving in the positions reserved for appointment by the Illinois Governor was appointed by the State Candidate’s predecessors.

The State Candidate was elected on November 4, 2014, and will not take office until January 12, 2015. He has not yet and will not have the authority to appoint members of the board of the State Client until after his inauguration.

4. *The Contribution.*

The State Contribution was recorded on April 15, 2014, for the amount of \$2,500 made out to Citizens for Rauner. The amount of the State Contribution, profile of the candidate, mechanism of payment, and characteristics of the campaign fall squarely within the historical pattern of the State Candidate Contributor’s other political inclinations, donations, and involvement. Moreover, this contribution was made by the

² The term “official” for purposes of the Rule includes “an incumbent, candidate or successful candidate for elective office of a “government entity.” *Political Contributions By Certain Investment Advisers*, Advisers Act Release No. 3043 (Jul. 1, 2010).

State Candidate Contributor and his wife for purely personal family reasons, separate and apart from the State Candidate Contributor's role with the Adviser.

The State Contribution was made at the request of a new family friend whose children attend the school where the State Candidate Contributor's daughter was about to begin pre-kindergarten. In March 2015, a family with fellow students at his daughter's school, whom the State Candidate Contributor had recently met through mutual friends, asked the State Candidate Contributor to attend and support a fundraising reception at their home. After indicating that he would be out of town and unable to attend, but that his wife could join and support the event, the State Candidate Contributor received details of the event indicating it was a fundraiser for a candidate for Illinois Governor. The State Candidate Contributor had no contact, affiliation with or inclination to support the Illinois gubernatorial candidate. The State Candidate Contributor's wife fulfilled the commitment made to their new social acquaintances and attended the reception with their mutual friends. The State Candidate Contributor completed the paperwork to fulfill the financial portion of their commitment and paid \$2,500 using a joint credit card. The State Candidate Contributor was listed on donation records as the sole contributor. His wife was the sole member of the family to attend the event.

The State Candidate Contributor did not seek out or initiate contact with the State Candidate and has not personally had any contact at all with the State Candidate. The State Candidate Contributor's wife was briefly introduced to the State Candidate at the reception, he thanked her for attending, but at no time was there any mention of the State Candidate Contributor, the Adviser, or the State Client. The State Candidate Contributor never informed the State Client or the relationship manager at the Adviser about the State Contribution. At no time did any covered associates of the Adviser other than the State Candidate Contributor have any knowledge that the State Candidate Contribution had been made prior to its discovery by the Adviser in November 2014. In addition, the State Candidate Contributor did not appreciate the regulatory significance of the State Contribution until November 2014.

5. *The Investments of the State Client with the Adviser.*

The initial screening process pursuant to which the State Client decided to invest with the Adviser began in January 2010, before the State Candidate commenced his campaign for office in June 2013, before the State Contribution was made in April 2014, and before the State Candidate was elected in November 2014. The Adviser's relationship with the State Client dates back to at least January 6, 2010, when it began meeting with the Adviser and started its due diligence process. The initial commitment to invest in Sofinnova Venture Partners VIII, L.P. was made in July 2011, nearly three years before the State Contribution. An additional investment was committed in August 2011 when the limited partners in this fund agreed to increase the total size of the fund. The commitment to invest in Sofinnova Venture Partners IX, L.P. was made on July 11, 2014. Neither the State Candidate Contributor nor the Adviser has had any contact with the State Client's board since giving a single presentation to that board on February 25, 2011.

Each of the Funds is a locked in, fixed allocation, closed end captive fund. After committing to invest in a Fund, limited partners, such as the State Client, cannot individually increase or decrease their capital commitment, withdraw from the Fund without significant penalty, redeem a portion of their capital from the Fund, or demand profit until the end of the natural 10-14 year fund life.

The State Candidate Contributor's role with the State Client was limited to making substantive presentations to the State Client's representatives regarding the investment strategy for which he is one of seven investment professionals. The State Candidate Contributor had no contact with any representative of the State Client outside of the presentation identified above and responding to due diligence questions, and no contact with any member of the State Client's board since February 2011.

C. The Local Contribution

1. *The Contributor.*

The individual who made the campaign contribution to a local-level official that triggered the two-year compensation ban (the "Local Contribution") is Michael Powell

(the “Local Candidate Contributor”). The Local Candidate Contributor is Vice President of the Adviser, one of the Adviser’s four General Partners, and a senior investment professional at the Adviser who has been with the Adviser for 17 years. The size, nature, and recipient of the Local Contribution were consistent with the Local Candidate Contributor’s political views and other cash-based political contributions. As discussed in detail below, the Local Candidate Contributor failed to appreciate that his contribution to a mayoral candidate in San Francisco, his city of residence, exceeded the *de minimis* threshold for contributions to candidates for whom he had the ability to vote and would trigger the prohibition on compensation under the Rule and was prohibited by the Applicant’s policy.

2. *The Government Entity.*

One of the investors in three Funds is a public pension plan identified as a government entity with respect to the City and County of San Francisco. Throughout the application, the investor is referred to as a “Local Client” and collectively with the State Client as the “Clients.”

3. *The Official.*

The recipient of the Local Contribution was Leland Yee (the “Local Candidate”), an unsuccessful 2011 candidate for the office of San Francisco Mayor. The investment decisions for the Local Client are overseen by a board of trustees composed of a combination of seven individuals elected by the Local Client’s constituents and appointed by elected officials. Three members of the Local Client’s board are appointed by the elected official holding the office of San Francisco Mayor (the “Mayoral Appointees”). Due to this power of appointment, the San Francisco Mayor is an “official” of the Local Client.³ None of the Mayoral Appointees serving at the time of the Local Contribution were appointed by the Local Candidate. Rather, each board member serving in the positions reserved for appointment by the San Francisco Mayor was appointed by an individual holding that office prior to the Local Candidate’s candidacy.

³ The term “official” for purposes of the Rule includes “an incumbent, candidate or successful candidate for elective office of a “government entity.” *Political Contributions By Certain Investment Advisers*, Advisers Act Release No. 3043 (Jul. 1, 2010).

The Local Candidate's candidacy for the office of San Francisco Mayor was unsuccessful. He came in fifth place in the election that took place on November 8, 2011, receiving only 7.5% of the vote.

4. *The Contribution.*

The Local Contribution was given on June 30, 2011, for the amount of \$500 made out to Leland Yee for Mayor 2011. The Local Candidate Contributor was a resident of San Francisco, and as such, had a legitimate personal interest in the outcome of the campaign and was entitled to vote in the race for mayor of San Francisco. As a result, the Local Candidate Contributor was permitted under Rule 206(4)-5 to make a contribution up to the *de minimis* threshold established in the Rule. The Local Contribution, made only two months after the compliance date for Rule 206(4)-5, exceeded this permissible *de minimis* contribution by only \$150. The amount of the Local Contribution, profile of the candidate, and characteristics of the campaign fall squarely within the historical pattern of the Local Candidate Contributor's other political donations and involvement.

The Local Contribution was made at the request of the Local Candidate Contributor's neighbor with whom he was volunteering on a local neighborhood initiative. At the time, the neighbor was working on the Local Candidate's campaign for Mayor and asked the Local Candidate Contributor for a financial contribution, noting the Local Candidate's support for initiatives of importance to their immediate neighborhood. The Local Candidate Contributor agreed to provide such support, not recognizing the regulatory implications for the Adviser. The Local Candidate Contributor has never spoken with nor personally had any contact at all with the Local Candidate. The Local Candidate Contributor never informed the Local Client or its relationship manager at the Adviser of the Local Contribution. At no time did any covered associates of the Adviser other than the Local Candidate Contributor have any knowledge that the Local Contribution had been made prior to its discovery by the Adviser in November 2014. In addition, the Local Candidate Contributor did not appreciate the regulatory significance of the Local Contribution until November 2014.

5. *The Investments of the Local Client with the Adviser.*

The initial selection process pursuant to which the Local Client decided to invest with the Adviser began before the Local Candidate was a candidate for the office of Mayor and before the Local Contribution was made. The Adviser's relationship with the Local Client dates back to at least early 2006, when it began meeting with the Adviser and started its due diligence process. The commitment to invest in Sofinnova Venture Partners VII, L.P. was made on October 11, 2006. The commitment to invest in Sofinnova Venture Partners VIII, L.P. was made on June 30, 2011. The commitment to invest in Sofinnova Venture Partners IX, L.P. was made on July 10, 2014.

Each of the Funds is a locked in, fixed allocation, closed end captive fund. After committing to invest in a Fund, limited partners, such as the Local Client, cannot individually increase or decrease their capital commitment, withdraw from the Fund without significant penalty, redeem a portion of their capital from the Fund, or demand profit until the end of the natural 10-14 year fund life.

The Local Candidate Contributor's role with the Local Client has been limited to making substantive presentations to the Local Client's representatives regarding the investment strategy for which he is one of seven investment professionals. The Local Candidate Contributor has had no contact with any representative of the Local Client outside of those presentations and responding to due diligence questions, and has had no contact with any member of the Local Client's board.

D. The Adviser's Discovery of the Error and Response

The Adviser became aware of the State Contribution when the State Candidate Contributor received an inquiry from a reporter on November 6, 2014, and notified the Adviser's general counsel the same day he reviewed the inquiry. Within three days, the State Candidate Contributor requested the return of the full State Contribution from the State Candidate. This request was granted and a check refunding the full State Contribution was received on November 12, 2014. The Adviser's general counsel then directed a comprehensive search of the federal and state campaign contribution databases for each jurisdiction where a government entity with investments in a Fund is located to identify contributions made by any of the Adviser's employees. This search resulted in

the discovery of the Local Contribution. Since the Local Contribution was made to an unsuccessful candidate in 2011, whose campaign committee is no longer in operation, it was not possible to obtain a refund of this contribution.

After identifying the Contributions, the Adviser took steps beginning on November 11, 2014, to establish an escrow account for the Clients and deposited an amount equal to the sum of all fees paid to the Adviser and its affiliates, directly or indirectly, with respect to the State Client since April 15, 2014, and with respect to the Local Client for the two year period beginning June 30, 2011. Additional fees or other compensation accruing in favor of the Adviser and its affiliates will continue to be deposited in the escrow account or will not be collected from the Clients until it is determined whether exemptive relief will be granted to the Adviser. The Adviser promptly notified each Client of the Contributions and resulting two-year prohibition on compensation absent exemptive relief from the Commission. The Adviser told each Client that the fees charged to the Client's capital account in the Fund since the date of the Contribution were being placed in escrow and that, absent exemptive relief from the Commission, those fees would be refunded and no additional fees would be charged to the Client for the duration of the two-year period. The Adviser also promptly notified all other Fund investors of the circumstances and regulatory concerns.

To prevent other employees from making a similar mistake, the Adviser strengthened its pay-to-play policy. While the Adviser's policy has always applied to its covered associates, the new policy applies to all employees and contributions made by their spouses and certain immediate family members. The Adviser's employees are now required to obtain pre-clearance of *all* campaign contributions, including contributions to local, state, and federal campaigns, and political parties and committees. The same contributions that would have been permissible before this change continue to be permissible and will receive clearance. However, imposing the policy on all employees and including a pre-clearance requirement for all political contributions will give the Adviser a clear opportunity to confirm the understanding of its employees before a contribution is made. The Adviser provided a company-wide training session on its pay-to-play policy to ensure each employee was well-informed of the applicable restrictions.

Finally, the Adviser has engaged a national regulatory compliance firm to provide a substantive review of the Adviser's compliance program, including the pay-to-play policies and procedures, and to provide ongoing training, monitoring, and testing of this compliance program.

After learning of the Contributions and notifying the State Client, the Adviser also took steps to limit the State Candidate Contributor's contact with any representative of the State Client for the duration of the two-year period beginning April 15, 2014, including informing the State Candidate Contributor that he could have no contact with any representative of the State Client other than making substantive presentations to, and responding to inquiries from, the State Client's representatives and consultants about the investment strategy the State Candidate Contributor manages. The State Candidate Contributor has established a system to document such interactions.

E. The Adviser's Pay-to-Play Policies and Procedures

The Adviser's original Pay-to-Play Policies ("Policy") were adopted before the Contributions were made. The Policy was initially adopted and distributed to all covered associates in March 2011, within 2 weeks of the Rule's compliance date. The adoption of the Policy was later ratified by the Adviser's Board of Directors as of October 1, 2011. In addition, as described above, in response to the discovery of the Contributions, the Adviser has expanded the application of its Policy to all employees and strengthened the Policy (the "Updated Policy") to provide clear opportunities for advance review of political contributions and to ensure that all of the Adviser's employees understand, comply with, and certify their compliance with the Updated Policy.

At all times, the Adviser's Policy has conformed to the requirements of the Rule. In its expanded form, the Updated Policy is even more restrictive than what was contemplated by the Rule. There is no *de minimis* exception from pre-clearance for small contributions to state and local officials and candidates. All employees of the Adviser are subject to the Updated Policy; its application is not limited to the Adviser's managing members, executive officers, and other "covered associates" under the Rule. The members of each employee's immediate family are also fully subject to the Policy if they live with, or financially depend on, the employee. In its current, strengthened form, all

contributions to federal, state, and local office incumbents and candidates are subject to pre-clearance, not post-contribution reporting, by employees under the Updated Policy. The Adviser also has instituted a Political Contribution Declaration Form that all new employees of the Adviser will be required to complete regarding all political contributions of any size at any level in the two years preceding their employment date. The Adviser also has provided comprehensive training for all employees of the Adviser to describe and answer questions regarding the expanded requirements.

III. STANDARD FOR GRANTING AN EXEMPTION

In determining whether to grant an exemption, Rule 206(4)-5(e) requires that the Commission will consider, among other things, (i) whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act; (ii) whether the investment adviser, (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule; (B) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution, (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (2) has taken such other remedial or preventive measures as may be appropriate under the circumstances; (iii) whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment; (iv) the timing and amount of the contribution which resulted in the prohibition; (v) the nature of the election (*e.g.*, Federal, State or local); and (vi) the contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution. Each of these factors weighs in favor of granting the relief requested in this Application.

IV. STATEMENT IN SUPPORT OF EXEMPTIVE RELIEF

The Applicant submits that an exemption from the two-year prohibition on compensation is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. The Clients determined to invest with Applicant and established those advisory relationships on an arms' length basis free from any improper influence as a result of the Contributions. In support of that conclusion, Applicant notes that the relationships with the Clients pre-date the Contributions, and all initial Client decisions to invest with the Adviser pre-date the Contributions. Applicant also notes that at the time of each Contribution, and at all times up to the date of this Application, neither Candidate had exercised or even obtained the appointment power reserved to his desired State or Local office. Rather, all of the board members serving in the positions reserved for appointment by the Illinois Governor were appointed by the State Candidate's predecessors, and the board members serving in the positions reserved for appointment by the San Francisco Mayor were appointed by an individual holding the office of San Francisco Mayor prior to the Local Candidate's unsuccessful candidacy for that office.

Given the nature of the Rule violation, and the lack of any evidence that the Adviser or the Contributors intended to, or actually did, interfere with any Client's merit-based process for the selection or retention of advisory services, the interests of the Clients are best served by allowing the Adviser and its Clients to continue their relationship uninterrupted. Causing the Adviser to serve without compensation for a two year period could result in a financial loss that is over 1,600 times the amount of the State Contribution that was not permitted under the Rule and over 7,700 times the amount of the Local Contribution that was not permitted under the Rule. The policy underlying the Rule is served by ensuring that no improper influence is exercised over investment decisions by governmental entities as a result of campaign contributions and not by withholding compensation as a result of unintentional violations.

The other factors suggested for the Commission's consideration in Rule 206(4)-5(e) similarly weigh in favor of granting an exemption to avoid consequences disproportionate to the violation.

Policies and Procedures before the Contribution. The Adviser adopted and distributed its Policy, which has at all times been in compliance with the Rule, to all of its covered associates within two weeks of the Rule's initial compliance date.

Actual Knowledge of the Contribution. It is true that actual knowledge of the Contributions at the time of their making could be imputed to the Adviser, given that the Contributors were officers and General Partners. At no time did any covered associates of the Adviser other than the Contributors have any knowledge that the Contributions had been made prior to their discovery by the Adviser in November 2014. The Contributors believed they were acting in compliance with the Policy and simply did not connect the personal motivations driving these two Contributions with the requirements of the Rule. With respect to the Local Contribution, Applicant notes that the Rule had only been in force for two months at the time of the Contribution.

Adviser's Response After the Contribution. After learning of the Contribution, the Adviser and the Contributors took all available steps to obtain a return of the State Contribution and to implement additional measures to prevent a future error. Within three days of discovering the regulatory concerns surrounding the State Contribution, the State Candidate Contributor had formally requested the return the full Contribution. The full amount was subsequently returned within 72 hours thereafter. Since the Local Contribution was made to an unsuccessful candidate in 2011, whose campaign committee is no longer in operation, it is not possible to obtain a refund of this contribution. The Adviser took steps beginning on November 11, 2014, to establish an escrow account for the Clients. All fees or other compensation charged to the State and Local Clients' capital accounts in the Funds for the two year periods beginning April 15, 2014 and June 30, 2011, respectively, were deposited by the Adviser in the account for immediate return to each Client should an exemptive order not be granted. Additional fees or other compensation accruing in favor of the Adviser and its affiliates from the Clients will continue to be deposited in the escrow account or will not be collected from the Clients until it is determined whether exemptive relief will be granted to the Adviser. Finally, the Adviser strengthened its pay-to-play policy, expanding its application to all employees and certain immediate family members, requiring pre-clearance of all political

contributions, including contributions to local, state, and federal campaigns, and political parties and committees, and requiring all employees to annually certify their compliance with the expanded policy. The Adviser also provided training to all available employees on the expanded policy to ensure other employees do not make the same mistake as the Contributors, and will benefit from the services of a national regulatory compliance consultant who, among other services, will provide ongoing monitoring and testing of this expanded policy.

Status of the Contributors. The Contributors are, and have been at all relevant times, covered associates of the Adviser. After learning of the Contributions and notifying the Clients, the Adviser took steps to limit the State Candidate Contributor's contact with any representative of the State Client, as applicable, for the duration of the two-year period beginning April 15, 2014. The Adviser informed the State Candidate Contributor that he could have no contact with any representative of the State Client other than making substantive presentations to, or responding to inquiries from, the State Client's representatives and consultants about the investment strategy the State Candidate Contributor manages. The State Candidate Contributor now has no contact with any representative of the State Client outside of those circumstances and no contact with any member of the State Client's board.

Timing and Amount of the Contributions. As noted above, the Adviser's relationships with the Clients pre-date the Contributions by at least four years, and all initial Client decisions to invest with the Adviser pre-date the Contributions by three years. The Contributions were consistent with the giving history of each Contributor. Notably, the Local Contribution exceeded the contribution amount that is permissible under the Rule for offices for which a covered associate is entitled to vote by only \$150 and was made only two months after the Rule's compliance date.

Nature of the Election and Other Facts and Circumstances. The nature of the election and other facts and circumstances indicate that the Contributors' apparent intent in making the Contributions was not to influence the selection or retention of the Adviser. The amount of the Contributions, profile of the candidates, and characteristics of the campaigns fall squarely within the pattern of the Contributors' other political donations.

The State Candidate Contributor and his wife also had a legitimate personal interest in fulfilling a commitment to a new social acquaintance initially made without knowledge of what campaign would receive the contribution. The Local Candidate Contributor was similarly responding to a request for support from a social acquaintance and had a legitimate personal interest in the outcome of the local campaign, given that he and his family reside in the city for which the Local Candidate sought to become the chief elected official.

The Contributors' violation of the Policy and the Rule resulted from their respective mistakes in failing to connect their personal motivations driving modest political contributions and the requirements of the Policy and Rule. The Contributors never spoke with the State or Local Candidates or to anyone else about the authority of the Illinois Governor or San Francisco Mayor over investment decisions. The Contributors never mentioned the Clients, their relationship to the Adviser, or any other existing or prospective investors to either Candidate.

At no time has the State Candidate Contributor had direct contact with the State Candidate. Similarly, apart from email exchanges with campaign staff to submit the original State Contribution in April 2014, and to request in November 2014 that the Contribution be returned, the State Candidate Contributor has had no contact with the campaign or other representatives of the State Candidate. The State Candidate Contributor never told any prospective or existing investor (including the State Client) or any relationship manager at the Adviser about the State Contribution until working to address the regulatory concerns in November 2014.

At no time has the Local Candidate Contributor had direct contact with the Local Candidate. Similarly, other than social interactions with his neighbor who was helping the Local Candidate's campaign, the Local Candidate Contributor has had no contact with the campaign or other representatives of the Local Candidate. The Local Candidate Contributor never told any prospective or existing investor (including the Local Client) or any relationship manager at the Adviser about the Local Contribution until working to address the regulatory concerns in November 2014.

Moreover, no investment decisions were made when the State or Local Candidate had appointment authority over a government entity. At the time of each Contribution, and at all times up to the date of this Application, neither Candidate had exercised or even obtained the appointment power reserved to his desired State or Local office. Rather, all of the board members serving in the positions reserved for appointment by the Illinois Governor were appointed by the State Candidate's predecessors and the board members serving in the positions reserved for appointment by the San Francisco Mayor were appointed by an individual holding the office of San Francisco Mayor prior to the Local Candidate's unsuccessful candidacy for that office.

Given the difficulty of proving a *quid pro quo* arrangement, the Applicant understands that adoption of a regulatory regime with a default of strict liability, like the Rule, is necessary. However, it appreciates the availability of exemptive relief at the Commission's discretion where imposition of the two-year prohibition on compensation does not achieve the Rule's purposes or would result in consequences disproportionate to the mistake that was made. The Applicant respectfully submits that such is the case with the Contributions. Neither the Adviser nor the Contributors sought to interfere with the Clients' merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in arms' length transactions. There was no violation of the Adviser's fiduciary duty to deal fairly or disclose material conflicts given the absence of any intent or action by the Adviser or Contributors to influence the selection process. The Applicant has no reason to believe the Contributions undermined the integrity of the market for advisory services or resulted in a violation of the public trust in the process for awarding contracts.

V. PRECEDENT

The Applicant notes that the Commission has granted two exemptions similar to that requested herein with respect to relief from Section 206A of the Act and Rule 206(4)-5(e), including: Davidson Kempner Capital Management LLC, Investment Advisers Act Release Nos. 3693 (October 17, 2013) (notice) and 3715 (November 13, 2013) (order) (the "Davidson Kempner Application") and Ares Real Estate Management Holdings, LLC, Investment Advisers Act Release Nos. 3957 (October 22, 2014) (notice)

and 3969 (November 18, 2014) (order) (the “Ares Application”) (collectively, the “Prior Applications”). The facts and representations made in this Application are largely consistent with Prior Applications. However, the Applicant believes that there are also key differences between this Application and either the Davidson Kempner Application or the Ares Application that further weigh in favor of granting the exemption requested herein.

Interactions with the Official. In the Davidson Kempner Application, the contributor's contact with the Ohio State Treasurer (the "Davidson Kempner Official") concerning campaign contributions included a lunch meeting, a brief exchange of e-mails later that same afternoon, and possibly a subsequent phone call confirming the contributor's intent to contribute. In contrast, the State and Local Candidate Contributors here have never met or spoken or otherwise communicated with either the State or Local Candidate, respectively.

Status of the Officials. In each of the Prior Applications, at the time of the contribution, the recipient of such contribution had the power to appoint one or more members of the board vested with decision-making power regarding the government entity's investments. In contrast, here, neither official at issue in this Application had such appointment authority at the time of the Contributions or at the time their government entity invested in the Applicant's Funds. Specifically, at the time of the Local Contribution and at the time each investment decision has been made by the Local Client to date, no member of the Local Client's board was appointed by the Local Candidate. The mayoral appointees were all appointed prior to the Local Candidate's unsuccessful candidacy. Similarly, at the time of the State Contribution and at the time each investment decision has been made by the State Client to date, no member of the State Client's board was appointed by the State Candidate, who has yet to take office. The gubernatorial appointees were all appointed by the State Candidate's predecessors.

The Applicant believes that the same policies and considerations that led the Commission to grant relief in the Prior Applications are present here. In both instances, the imposition of the Rule would result in consequences vastly disproportionate to the

mistake that was made. Moreover, the differences between this Application and the Prior Applications weigh even further in favor of granting the relief requested herein.

VI. REQUEST FOR ORDER

The Applicant seeks an order pursuant to Section 206A of the Act, and Rule 206(4)-5(e) thereunder, exempting it, to the extent described herein, from the two-year prohibition on compensation required by Rule 206(4)-5(a)(1) under the Act, to permit the Applicant to receive compensation for investment advisory services provided to two government entities within the two-year period following the Contributions identified herein to an official of such government entities by a covered associate of the Applicant, provided that the Applicant complies with the following conditions:

1. The State Candidate Contributor will be prohibited from discussing any business of the Applicant with any "government entity" client for which the State Candidate is an "official," each as defined in rule 206(4)-5(f), until April 15, 2016.
2. Notwithstanding Condition 1, the State Candidate Contributor is permitted to respond to inquiries from the State Client regarding the Funds. The Applicant will maintain a log of such interactions, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.
3. The State Candidate Contributor will receive a written notification of these conditions and will provide a quarterly certification of compliance until April 15, 2016. Copies of the certifications will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.
4. The Applicant and its compliance vendor will conduct testing reasonably designed to prevent violations of the conditions of this Order and maintain records

regarding such testing, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

VII. CONCLUSION

For the foregoing reasons, the Applicant submits that the proposed exemptive relief, conducted subject to the conditions set forth above, would be fair and reasonable, would not involve overreaching, and would be consistent with the general purposes of the Act.

VIII. PROCEDURAL MATTERS

Pursuant to Rule 0-4 of the rules and regulations under the Act, a form of proposed notice for the order of exemption requested by this Application is set forth as Exhibit C to this Application. In addition, a form of proposed order of exemption requested by this Application is set forth as Exhibit D to this Application.

On the basis of the foregoing, the Applicant submits that all the requirements contained in Rule 0-4 under the Act relating to the signing and filing of this Application have been complied with and that the Applicant, which has signed and filed this Application, is fully authorized to do so.

The Applicant requests that the Commission issue an order without a hearing pursuant to Rule 0-5 under the Act.

Dated: November 26, 2014

Respectfully submitted,

Sofinnova Ventures, Inc.

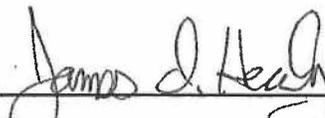
By: 
James I. Healy, MD, PhD
President

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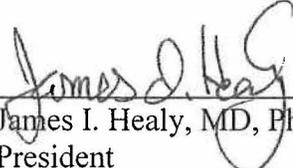
Exhibit A
Authorization

All requirements of the Articles of Incorporation of Sofinnova Ventures, Inc. have been complied with in connection with the execution and filing of this Application. Sofinnova Ventures, Inc., by resolutions duly adopted by its Board of Directors as of November __, 2014 (and attached to this Authorization), has authorized the making of this Application. Such resolutions continue to be in force and have not been revoked through the date hereof.

Sofinnova Ventures, Inc. has caused the undersigned to sign this Application on its behalf in Menlo Park, California, on this 26th day of November, 2014.

Sofinnova Ventures, Inc.

By: _____


James I. Healy, MD, PhD
President

**RESOLUTIONS ADOPTED BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
SOFINNOVA VENTURES, INC.**

The undersigned, constituting all of the members of the Board of Directors (the "Board") of SOFINNOVA VENTURES, INC., a California corporation (the "Corporation"), hereby adopt the following resolutions by their unanimous written consent thereto, effective as of the date hereof, with the same force and effect as if adopted at a special meeting of the Board of Directors duly called and held on such date:

RESOLVED, that the officers of Sofinnova Ventures, Inc. (the "Company") be, and each of them hereby is, authorized in the name and on behalf of the Company to execute and cause to be filed with the Securities and Exchange Commission an application for an order under Section 206A of the Investment Advisers Act of 1940, as amended (the "Act"), and Rule 206(4)-5(e) thereunder, substantially in the form attached hereto, granting an exemption to the Company from the provisions of Section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder.

FURTHER RESOLVED, that the officers of the Company be, and each of them hereby is, authorized to prepare, execute and cause to be filed any and all amendments to such Application as the officers executing the same may approve as necessary or desirable, such approval to be conclusively evidenced by his, her, or their execution thereof; and

FURTHER RESOLVED, that the officers of the Company be, and each of them hereby is, authorized to take such other action, including the preparation and publication of a notice relating to such Application for Exemption and the representation of the Company, in any matters relating to such Application or amendment thereof as they deem necessary or desirable.

IN WITNESS WHEREOF, the undersigned directors of Sofinnova Ventures, Inc. have hereby executed this Written Consent and direct that it be filed with the minutes of the proceedings of the Board of Directors. This consent may be executed in any number of counterparts each of which shall be deemed an original and all of which together shall constitute the same instrument. This consent has been executed effective as of November 24, 2014.

DIRECTORS:

ALAIN AZAN

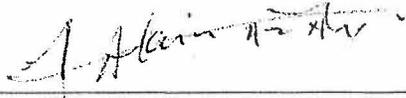
JAMES I. HEALY

SRINIVAS AKKARAJU

NATHALIE AUBER

MICHAEL F. POWELL

DIRECTORS:



ALAIN AZAN

NATHALIE AUBER

JAMES I. HEALY

MICHAEL F. POWELL

SRINIVAS AKKARAJU

Exhibit C

Proposed Notice for the Order of Exemption

Agency: Securities and Exchange Commission (the “SEC” or “Commission”).

Action: Notice of Application for Exemption under the Investment Advisers Act of 1940 (the “Act”).

Applicant: Sofinnova Ventures, Inc. (the “Adviser” or the “Applicant”).

Relevant Act Sections: Exemption requested under Section 206A of the Act, and Rule 206(4)-5(e) thereunder, from the provisions of Section 206(4) of the Act and Rule 206(4)-5(a)(1) thereunder.

Summary of Application: The Applicant requests an order granting an exemption from the two-year prohibition on compensation imposed by Section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, to the extent necessary to permit the Adviser to provide investment advisory services for compensation to two government entities within the two-year period following specified contributions to a candidate for state office by a covered associate and to a candidate for local office by a separate covered associate.

Filing Date: The application was filed on November __, 2014.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving the Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on [], 2014, and should be accompanied by proof of service on the Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer’s interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission’s Secretary.

Addresses: Secretary, Commission, 100 F Street, NE, Washington, DC 20549-1090. The Applicant, c/o James Healy, 3000 Sand Hill Road, 4-250, Menlo Park, CA 94025.

For Further Information Contact: Melissa Harke, Branch Chief, at (202) 551-5192, (Division of Investment Management, Office of Investment Adviser Regulation).

Supplementary Information: The following is a summary of the application. The complete application may be obtained for a fee at the Commission’s Public Reference Branch.

The Applicant's Representations:

1. Sofinnova Ventures, Inc. is a California corporation registered with the Commission as an exempt reporting adviser under the Act. The Applicant's discretionary advisory clients include three funds, each of which is excluded from the definition of an investment company by Section 3(c)(7) of the Investment Company Act of 1940 (the "Funds").

2. One investor in two of the Funds is a public pension plan identified as a government entity with respect to the State of Illinois (a "State Client") and one investor in three of the Funds is a public pension plan identified as a government entity with respect to City of San Francisco (a "Local Client", and together with the State Client, the "Clients"). The investment decisions for the State Client are overseen by a board of thirteen trustees that includes six individuals appointed by the Illinois Governor. Due to this power of appointment, the Illinois Governor is an "official" of each Client. The investment decisions for the Local Client are overseen by a board of seven trustees that includes three individuals appointed by the San Francisco Mayor. Due to this power of appointment, the San Francisco Mayor is an "official" of each Client.

3. A contribution was made to the Illinois gubernatorial campaign of Bruce Rauner (the "State Candidate"), by one of the Adviser's four general partners, James Healy (the "State Candidate Contributor") and his wife, on April 15, 2014, in the amount of \$2,500 (the "State Contribution"). Apart from email exchanges with campaign staff to submit the State Contribution (and subsequently request its return), the State Candidate Contributor has not had any contact with the State Candidate or his campaign. The State Candidate Contributor did not personally attend the event for which the contribution was requested. Moreover, the State Candidate Contributor did not solicit any persons to make contributions to the State Candidate's campaign and did not arrange any introductions to potential supporters.

4. A contribution was made to the campaign for an unsuccessful candidate for San Francisco mayor, Leland Yee (the "Local Candidate"), by one of the Adviser's four general partners, Michael Powell (the "Local Candidate Contributor"), on June 30, 2011, in the amount of \$500 (the "Local Contribution"). The Local Candidate Contributor has not had any contact with the Local Candidate or his campaign. The Local Candidate Contributor did not solicit any persons to make contributions to the Local Candidate's campaign and did not arrange any introductions to potential supporters.

5. Only one of the investments made by the State Client in a Fund occurred after the State Contribution. The State Client began the due diligence process pursuant to which the State Client decided to invest with the Adviser years before the State Candidate ran for office and years before the State Contribution was made. The State Candidate Contributor's contact with the State Client was limited to making substantive presentations to, or responding to inquiries from, the State Client's representatives regarding the investment strategy for which he is one of seven investment professionals. The State Candidate Contributor had no contact with any representative of a State Client

outside of those presentations and responding to due diligence questions, and no contact with any member of a State Client's board after a single presentation to the State Client's board in February 2011, three years before the State Contribution. Moreover, at the time of the State Contribution, no member of the State Client's board had ever been appointed by the State Candidate, who has yet to take office; the gubernatorial appointees were all appointed by the State Candidate's predecessors. At no time did any covered associates of the Adviser other than the State Candidate Contributor have any knowledge of the State Contribution prior to its discovery by the Adviser in November 2014.

6. The Local Client began the due diligence process pursuant to which the Local Client decided to invest with the Adviser years before the Local Candidate's unsuccessful election began and years before the Local Contribution was made. The Local Candidate Contributor's contact with the Local Client was limited to making substantive presentations to, and responding to inquiries from, the Local Client's representatives regarding the investment strategy for which he is one of seven investment professionals. The Local Candidate Contributor had no contact with any representative of a Local Client outside of those presentations and responding to due diligence questions, and no contact with any member of a Local Client's board. Moreover, at the time of the Local Contribution, no member of the Local Client's board had ever been appointed by the Local Candidate; the mayoral appointees were all appointed by an individual holding that office prior to the Local Candidate's unsuccessful candidacy. At no time did any covered associates of the Adviser other than the Local Candidate Contributor have any knowledge of the Local Contribution prior to its discovery by the Adviser in November 2014.

7. The State Contribution was discovered by the Adviser when the State Candidate Contributor received an inquiry from a reporter on November 6, 2014, and the Local Contribution was discovered by the Adviser immediately thereafter as the result of a comprehensive review of political campaign databases in each relevant jurisdiction. Within three days, the State Candidate Contributor obtained the State Candidate's agreement to return the full State Contribution. Since the Local Contribution was made to an unsuccessful candidate in 2011, whose campaign committee is no longer in operation, it was not possible to obtain a refund of this contribution. The Adviser has established an escrow account for the Clients and deposited an amount equal to the sum of all fees paid to the Adviser and its affiliates, directly or indirectly, with respect to the State Client since April 15, 2014, and with respect to the Local Client for the two year period beginning June 30, 2011. Additional fees or other compensation accruing in favor of the Adviser and its affiliates will continue to be deposited in the escrow account or will not be collected from the Clients until it is determined whether exemptive relief will be granted to the Adviser. Each Client was promptly notified of the Contributions and resulting two-year prohibition on compensation absent exemptive relief. Investors in the Funds were also notified of the circumstances and regulatory concerns.

8. The Adviser's Pay-to-Play Policies and Procedures ("Policy") were initially adopted and implemented in March 2011. The Policy was adopted and distributed within 2 weeks of the compliance date for Rule 206(4)-5. The adoption of the Policy was later ratified by the Adviser's Board of Directors as of October 1, 2011. At

all times, the Policy has been fully compliant with the Rule. In addition, in response to the discovery of the Contributions, the Adviser strengthened its Policy, making it applicable to all employees and certain immediate family members, and broadening the scope of restrictions to expand the universe of contributions covered and provide advance opportunities for the Adviser to ensure political contributions are permissible under the Rule. The Adviser also has trained all employees on the strengthened policy, requires annual certification regarding compliance, and has engaged a third party vendor to provide ongoing review, monitoring, and testing of the Adviser's compliance program. The Contributors' violation of the Policy and the Rule resulted from their respective mistakes in failing to connect their personal motivations driving modest political contributions and the requirements of the Policy and Rule.

The Applicant's Legal Analysis:

1. Rule 206(4)-5(a)(1) prohibits an exempt reporting adviser from providing investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser.⁴

2. Rule 206(4)-5(b) provides exceptions from the two-year prohibition under Rule 206(4)-5(a)(1) with respect to contributions that do not exceed a *de minimis* threshold, were made by a person more than six months before becoming a covered associate, or were discovered by the adviser and returned by the official within a specified period and subject to certain other conditions.

3. Section 206A, and Rule 206(4)-5(e) thereunder, permits the Commission to exempt an investment adviser from the prohibition under Rule 206(4)-5(a)(1) upon consideration of, among other factors, (i) whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act; (ii) whether the investment adviser, (A) before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the Rule; (B) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (C) after learning of the contribution, (1) has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (2) has taken such other remedial or preventive measures as may be appropriate under the circumstances; (iii) whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment; (iv) the timing and amount of the contribution which resulted in the prohibition; (v) the nature of the election (*e.g.*, Federal, State or local); and (vi) the contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

⁴ Prior to September 19, 2011, Rule 206(4)-5 applied to investment advisers relying on the exemption from registration with the SEC found in Section 203(b)(3) of the Act.

4. The Applicant requests an order pursuant to Section 206A, and Rule 206(4)-5(e) thereunder, exempting it from the prohibition under Rule 206(4)-5(a)(1) to permit it to receive compensation for investment advisory services provided to two government entities within the two-year period following a specified contribution to an official of such government entities by a covered associate. The Applicant asserts that the exemption sought is consistent with the protection of investors and the purposes of the Act.

5. The Applicant proposes that the protection of investors is not furthered, but threatened, by withholding compensation as a penalty in the absence of any evidence that the Adviser or the Contributor intended to, or actually did, interfere with the Clients' merit-based process for the selection and retention of advisory services. The Applicant notes that causing the Adviser to serve without compensation for a two-year period could result in a financial loss that is over 1,600 times the amount of the State Contribution that exceeded the *de minimis* threshold and over 7,700 times the amount of the Local Contribution that exceeded the *de minimis* threshold.

6. The Applicant asserts that the purposes of Section 206(4) and Rule 206(4)-5(a)(1) are fully satisfied without imposition of the two-year prohibition on compensation as penalty for the Contributions. Neither the Adviser nor the Contributors sought to interfere with the Clients' merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in arms' length transactions. At the time of each Contribution, and at all times up to the date of this Application, neither Candidate had exercised or even obtained the appointment power reserved to his State or Local office. Rather, all of the board members serving in the positions reserved for appointment by the Illinois Governor were appointed by the State Candidate's predecessors and the board members serving in the positions reserved for appointment by the San Francisco Mayor were appointed by an individual holding the office of San Francisco Mayor prior to the Local Candidate's unsuccessful candidacy for that office. Absent any intent or action by the Adviser or Contributors to influence the selection process, there was no violation of the Adviser's fiduciary duty to deal fairly or disclose material conflicts. The Applicant has no reason to believe the Contributions undermined the integrity of the market for advisory services or resulted in a violation of the public trust in the process for awarding contracts.

7. The Applicant states that the other factors suggested for the Commission's consideration in Rule 206(4)-5(e) similarly weigh in favor of granting an exemption to avoid consequences disproportionate to the violation. The Applicant proposes the evidence is clear that the Contributors believed they were acting in compliance with the Policy and simply did not connect the personal motivations driving their respective Contributions and the requirements of the Rule. With respect to the Local Contribution, Applicant notes that the Local Contribution exceeded the permissible *de minimis* contribution threshold by only \$150 and the Rule had only been in force for two months at the time of the Contribution.

8. The Applicant notes that the Commission has granted two exemptions similar to that requested herein with respect to relief from Section 206A of the Act and

Rule 206(4)-5(e), including: Davidson Kempner Capital Management LLC, Investment Advisers Act Release Nos. 3693 (October 17, 2013) (notice) and 3715 (November 13, 2013) (order) and Ares Real Estate Management Holdings, LLC, Investment Advisers Act Release Nos. 3957 (October 22, 2014) (notice) and 3969 (November 18, 2014) (order) (collectively, the “Prior Applications”). The Applicant asserts that the same policies and considerations that led the Commission to grant relief in the Prior Applications are present here.

9. Accordingly, the Applicant respectfully submits that the interests of investors and the purposes of the Act are best served in this instance by allowing the Adviser and its Clients to continue their relationship uninterrupted in the absence of any evidence that the Adviser or the Contributors intended to, or actually did, interfere with any Client’s merit-based process for the selection or retention of advisory services. The Applicant submits that an exemption from the two-year prohibition on compensation is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

The Applicant’s Conditions:

The Applicant agrees that any order of the Commission granting the requested relief will be subject to the following conditions:

1. The State Candidate Contributor will be prohibited from discussing any business of the Adviser with any “government entity” client or prospective client for which the State Candidate is an “official” as defined in Rule 206(4)-5(f)(6) until April 15, 2016.
2. Notwithstanding Condition 1, the State Candidate Contributor is permitted to respond to inquiries from the State Client regarding the Funds. The Adviser will maintain a log of such interactions in accordance with the retention requirements set forth in Rule 204-2(e) of the Act.
3. The State Candidate Contributor will receive a written notification of these conditions and will provide a quarterly certification of compliance until April 15, 2016. Copies of the certifications will be maintained by the Adviser in accordance with the retention requirements set forth in Rule 204-2(e) of the Act.
4. The Applicant will conduct testing reasonably designed to prevent violations of the conditions of this Order and maintain records regarding such testing, which will be maintained by the Adviser in accordance with the retention requirements set forth in Rule 204-2(e) of the Act.

By the Commission, by the Division of Investment Management, under delegated authority.

Kevin M. O’Neill
Deputy Secretary

Exhibit D
Proposed Order of Exemption

Sofinnova Ventures, Inc. (the “Applicant”) filed an application on November __, 2014 pursuant to Section 206A of the Investment Advisers Act of 1940 (the “Act”) and Rule 206(4)-5(e) thereunder. The application requested an order granting an exemption from the provisions of Section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, to permit the Applicant to receive compensation for providing investment advisory services to two government entities within the two-year period following specified contributions to an official of two such government entities by two covered associates of the Applicant. The order applies only to the Applicant’s receipt of compensation for investment advisory services which would otherwise be prohibited with respect to these two government entities as a result of the contributions identified in the application.

A notice of filing of the application was issued on [], 2014 (Investment Advisers Act Release No. []). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing should be ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, that granting the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Accordingly, IT IS ORDERED, pursuant to Section 206A of the Act, and Rule 206(4)-5(e) thereunder, that the application for exemption from Section 206(4) of the Act, and Rule 206(4)-5(a)(1) thereunder, is hereby granted, effective forthwith.

By the Commission, by the Division of Investment Management, under delegated authority.

Kevin M. O’Neill
Deputy Secretary