



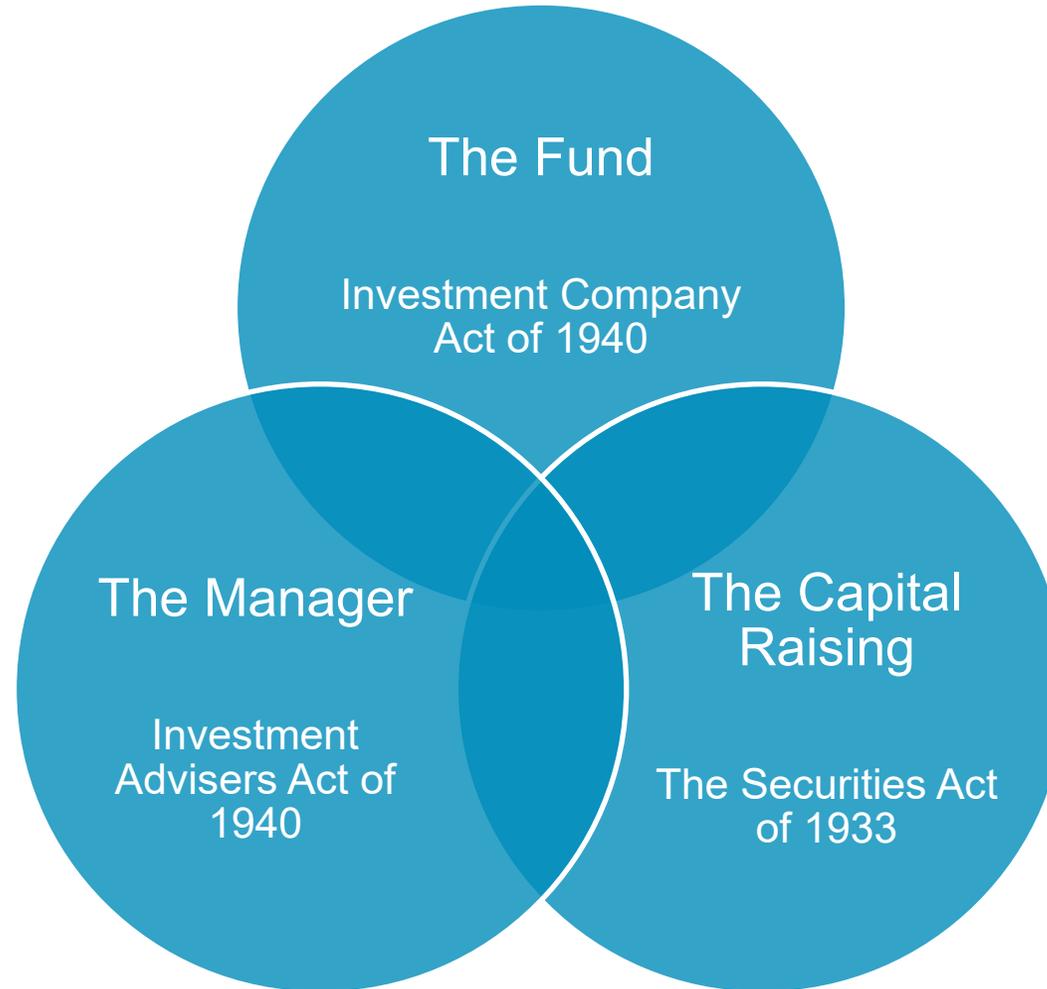
Small and Emerging Fund Terminology Overview for the Small Business Capital Formation Advisory Committee

April 30, 2021

The views expressed in this presentation are the speakers' own and do not necessarily reflect those of the Commission, Commissioners, or Commission Staff.



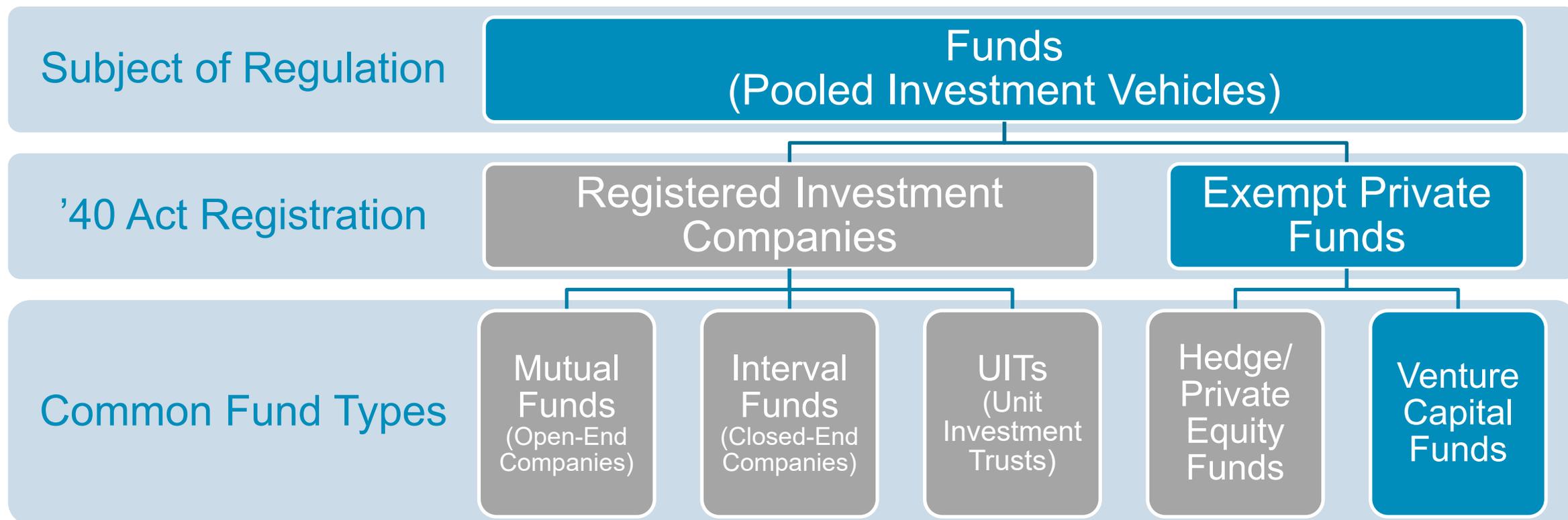
Key Categories of Small Fund Regulation



For more information, see: [Federal Securities Laws](#) | [Fast Answers: Investment Companies](#)

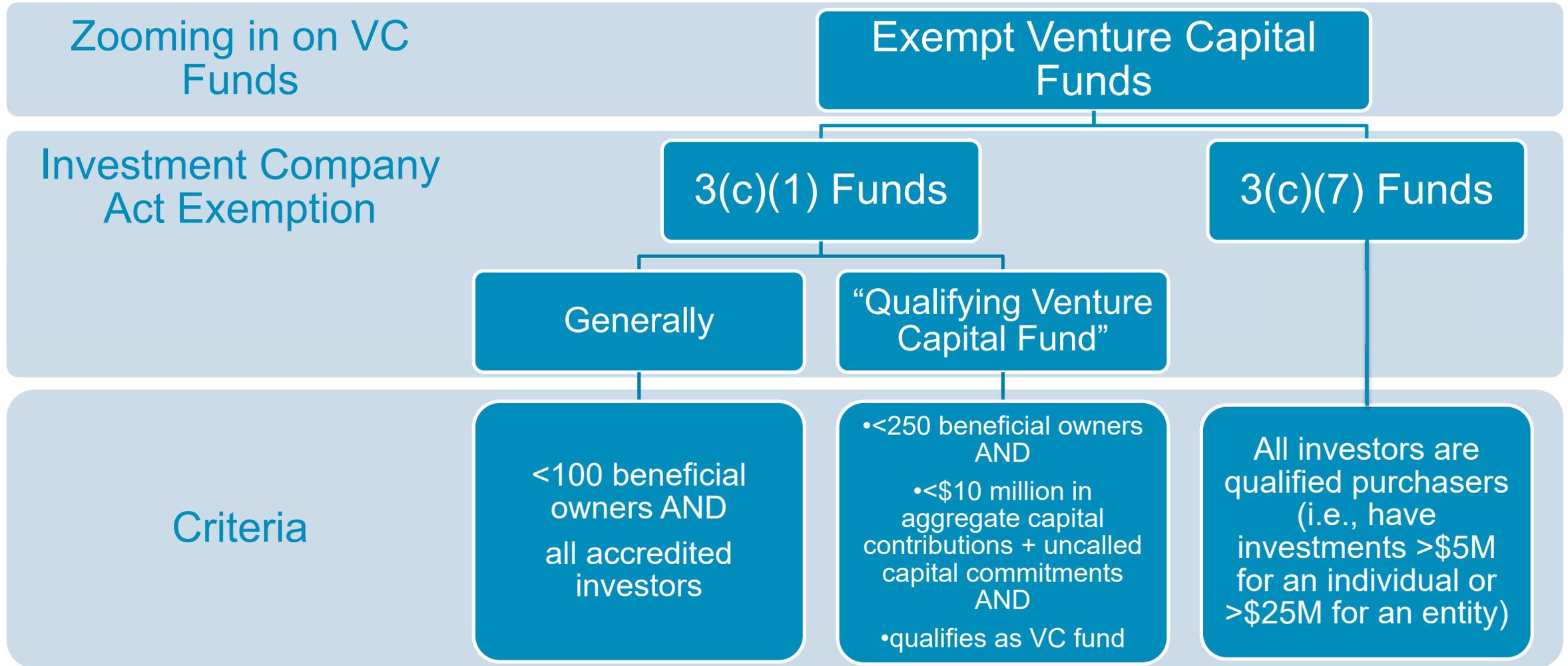
Regulation of the Fund

10,000 Foot Overview: Types of Funds



For more information, see: [Federal Securities Laws](#) | [Fast Answers: Investment Companies](#) | [Fast Answers: Investment Company Registration and Regulation Package – What is an Investment Company?](#) | [Fund Disclosure at a Glance](#)

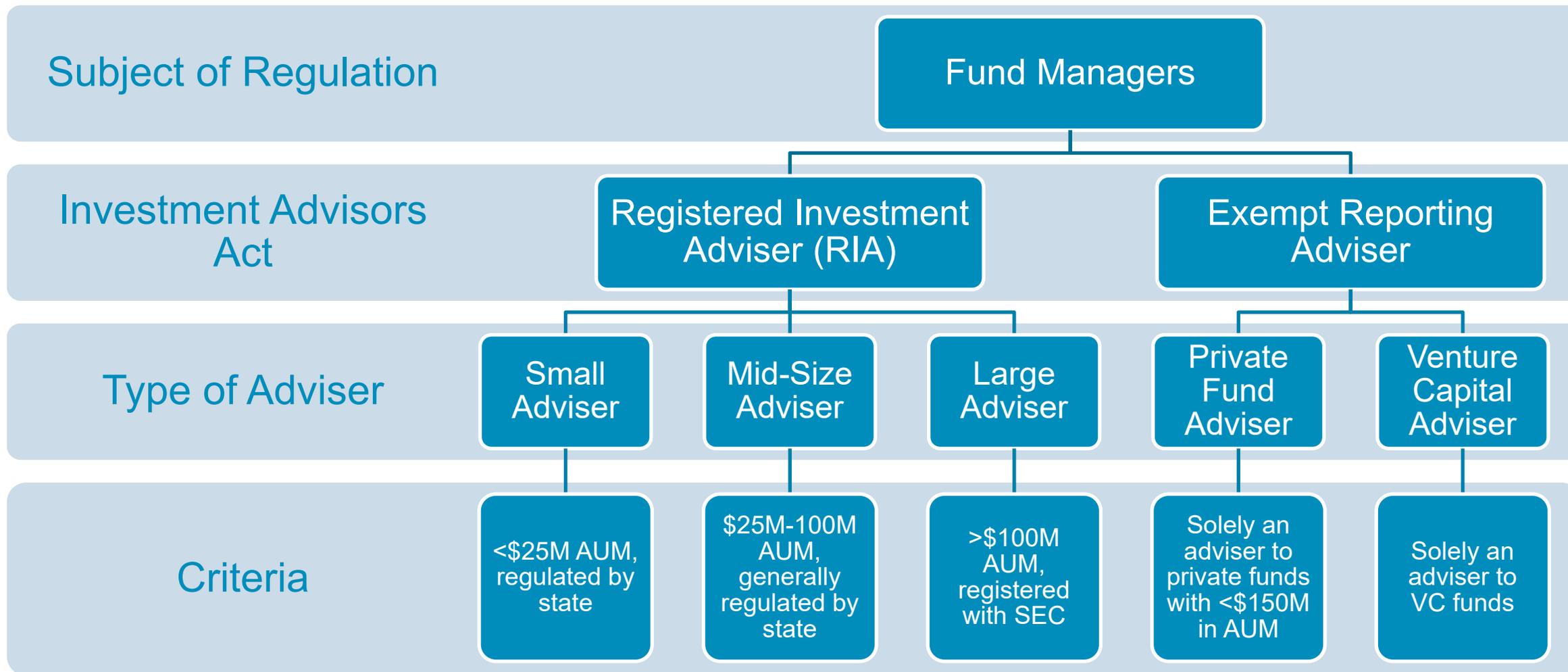
Fund Exemptions from Investment Company Act of 1940



For more information, see: [Fast Answers: Investment Company Registration and Regulation Package – Private Investment Companies | Federal Securities Laws | Economic Growth Regulatory Relief and Consumer Protection Act Section 504](#)

Regulation of the Manager

10,000 Foot Overview: Fund Manager Registration



For more information, see: [Investor Bulletin](#) | [Federal Securities Laws](#) | [Investment Advisers Act Section 202\(a\)\(11\)](#) | [Reporting with the SEC as an Exempt Reporting Adviser](#) | [Rules Implementing Dodd-Frank Act Amendments to the Investment Advisers Act: A Small Entity Compliance Guide](#)

Exempt Venture Capital Fund Adviser Criteria

1. Represents to investors that it pursues a venture capital strategy;
2. Generally limits redemption rights;
3. Holds no more than 20% of the amount of the fund's aggregate capital contributions and uncalled capital commitments in **non-qualifying investments** (often referred to as the 20% non-qualifying basket); and
4. Limits the use of leverage.

“Qualifying investments” generally means direct equity investments in private companies.

Generally excludes: pure debt instruments, secondary shares, public issuances, fund of fund investments, and some digital assets.

For more information, see: [Federal Securities Laws](#) | [Rules Implementing Dodd-Frank Act Amendments to the Investment Advisers Act: A Small Entity Compliance Guide](#) | [Press Release and Fact Sheet: Dodd-Frank Act Amendments to Investment Advisers Act](#)

