



Pan-European Fundraising Passport for Venture Capital Firms: the EVCA Guide to the EuVECA

In February 2014, The European Private Equity and Venture Capital Association (EVCA) published an overview of the European Venture Capital Fund Regulation, ("EuVECA"), a July 2013 regulation that grants qualifying venture capital managers the ability to market to qualified investors throughout the European Union on a single passport. The EuVECA regulation has been welcomed as a simpler process

for qualifying venture capital managers to raise capital across borders within the European Union, and the industry views this development of a signal of EU policymakers' recognition of the importance of venture capital. The EVCA guide, EuVECA Essentials, sets out the regulation's key provisions, as summarized below.

What is the EuVECA?

European Venture Capital Fund Regulation ("EuVECA") establishes a marketing passport for venture capital firms that is similar to that available to larger managers under the AIFMD. The Regulation includes measures to allow qualifying venture capital managers to market their funds to investors across the EU under a new "European Venture Capital Fund" label. It sets out the requirements relating to the investment portfolio, investment techniques, and eligible undertakings which a qualifying fund needs to comply with. It also establishes uniform rules on which categories of investor qualifying funds may target and on the international organization of the managers that market such qualifying funds.

The regulation is not compulsory. If a fund manager does not wish to use the EuVECA designation, then it does not have to comply with the Regulation.

What is the regulation's history?

The European Venture Capital Fund Regulation (EuVECA) came into effect on July 22, 2013 to complement and coincide with the implementation of the AIFMD.

The European Commission first published its proposal for European Venture Capital Fund Regulation in December 2011 as part of its action plan to improve access to finance for SMEs.

Who can apply for EuVECA authorization?

The EuVECA regime will only be available to managers of Collective Investment Undertakings established in the

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European Union falling below the AIFMD threshold of 500million Euro AUM (applicable to managers managing unleveraged, closed-ended Alternative Investment Funds), and which are subject to registration with the competent authority of their home Member State.

The EuVECA Regulation applies on a fund by fund, vehicle by vehicle basis. Every fund using the label will have to prove that it intends to invest a high percentage of investments (at least 70% of the capital commitments) in supporting young and innovative companies.

Which countries does it apply to, and when?

The regulation applies in all EU member states and the three EEA Countries (Norway, Iceland, and Liechtenstein), but not Switzerland.

As the EuVECA is a Regulation, and not a Directive, it does not need to be transposed into national law. It therefore has immediate effect in all member states.