



Approved on

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Signature of the Director/Deputy Director of NCRD

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REGULATIONS

of selection of partners of the Pilot Undertaking

„Public-private support of commercialization of research and development results with participation of capital funds”



§ 1.

Legal basis

The legal basis of the regulations (hereinafter “**regulations**”) of the pilot undertaking “Public-private support of commercialization of research and development results with participation of capital funds” (hereinafter “**undertaking**”) is art. 30 section 1 point 1 of the *Act dated 30 April 2010 on the National Centre of Research and Development* and § 5 point 1 in connection with § 2 point 2 of the *Regulation of the Minister of Science and Higher Education dated 17 September 2010 on the detailed course of conducting tasks by the National Centre for Research and Development*.

The undertaking was approved by the resolution of the Board of the National Centre for Research and Development (hereinafter the “Centre”) no. 29/2012 dated 19 September 2012.

§ 2. Definitions

1. **Investment component** - a component of the undertaking in which *venture capital* funds will be invited to its joint execution, the investment component of the undertaking is discussed in the undertaking assumptions available on the Centre’s website (<http://www.ncbir.pl/>);
2. **Consultancy component** - a component of the undertaking in which consulting companies will be invited to its joint execution, the consultancy component of the undertaking is discussed in the undertaking assumptions available on the Centre’s website (<http://www.ncbir.pl/>);
3. **Centre** - National Centre for Research and Development;
4. **VC** - Venture Capital;
5. **VC Fund** - an organization based on an agreement between the professional fund manager (*general partner/s*) and fund participants - *limited partner/s* (linking the manager’s remuneration with fund results and determining the fund objectives and the proposed time framework of the investment), where the fund participants take part in making investment decisions through the investment committee; the organization invests in companies at an early stage of development, operating in the field of product development regarded as the area of high technology or B+R activities.

6. **Polish Fund** - a VC fund registered in Poland, employing (in any legal form) an expert team with at least 3 members, who have the competences and experience allowing to operate a VC fund (a team of investment experts), speak Polish at a level allowing efficient communication, and each of them has at least one year experience working for a VC fund in Poland;
7. **Global Fund** - a VC fund registered abroad, employing (in any legal form) an expert team with at least 3 members, who have the competences and experience allowing to operate a VC fund (a team of investment experts), speak Polish or English at a level allowing efficient communication, and each of them has at least three year experience working for a VC fund registered abroad;
8. **Team of investment experts** - an expert team with at least 3 members, having the competences and experience allowing to operate a VC fund, and each of them having at least 3-year experience working for a VC fund;
9. **Investment offer** - an offer for the joint execution of the Investment Component by the VC fund and the Centre;
10. **Consulting company** - a company specializing in business consultancy within the scope of B+R commercialization, registered in Poland, having experience in conducting consultancy projects within the scope of B+R commercialization, in a sector consistent with the Preferred Industry Profile specified by the Centre on the date of publishing the regulations;
11. **Consultancy offer** - an offer for the joint execution of the Consultancy Component by the Consulting Company and the Centre;
12. **Partners** - funds and consulting companies;
13. **Team** - the expert team selecting partners to the pilot undertaking „Public-Private support of commercialization of research and development results with participation of capital funds”, appointed by an decision of the Director of the Centre;

14. **Preferred Industry Profile** - a list of industries from among which the Centre shall recruit partners for the joint execution of the undertaking, the list of industries shall be published by the Centre on the day of publishing the regulations;
15. **Investment rankings** - two rankings assessing the potential of funds which submitted Investment Offers, the rankings shall be prepared separately for each area indicated in the preferred industry profile of the partners;
16. **Consultancy rankings** - two rankings assessing the potential of consulting companies which submitted Consultancy Offers, the rankings shall be prepared separately for each area indicated in the preferred industry profile of the partners;
17. **Alternative Investment Offer** - a second Investment Offer which can be submitted by any fund submitting an Investment Offer together with another fund, submitted with a partner other than the partner indicated in the first Investment Offer;
18. **Director of the Centre** - the director of the National Centre for Research and Development;
19. **Joint Undertaking Agreement** - an agreement for the joint execution of the undertaking, concluded by and between the Centre and the partners, determining the detailed course of execution of the joint undertaking and the detailed rights and obligations of the parties;
20. **Selection procedure** - a procedure of selecting partners for the joint execution of the undertaking;

§ 3.

Minimum requirements for participation in the Investment Component

1. A Polish Fund and/or Global Fund can apply for the joint execution of the Investment component.
2. A Polish Fund and a Global Fund shall be referred to jointly as “funds”, if any provision of the regulations applies to both funds, the term “fund” shall be used.
3. Each fund must employ a Team of investment experts.

4. At least 3 members of the team of investment experts, employed by the Polish Fund, should:
 - 1) communicate in Polish (at a level allowing efficient communication);
 - 2) have at least one year experience working in Poland for a VC fund.

5. At least 3 members of the team of investment experts, employed at the Global Fund, should:
 - 1) communicate in Polish or English (at a level allowing efficient communication);
 - 2) have at least 3 year experience working in Poland for a VC fund registered abroad.

6. The following can apply for the joint execution of the Investment Component:
 - 1) A Polish Fund and a Global Fund;
 - 2) Only a Polish Fund;
 - 3) Only a Global Fund.

7. In order to apply for the joint execution of the Investment Component, funds submit Investment Offers.

8. When selecting the funds to co-execute the Investment Component with the Centre, preference shall be given to Investment Offers submitted jointly by a Polish Fund and a Global Fund (see section 6 point 1).

9. If the Investment Offer is submitted jointly by a Polish Fund and a Global Fund, not later than on the submission date of the Investment Offer the funds must present investors' commitments to secure financial means to the level indicated in the Offer. It is assumed, that the total value of investors' commitments in a joint offer of Polish fund and Global fund will reach **PLN 100,000,000** (in words: **one hundred million zloty**). The commitments of the investors delivered by the Polish Fund shall be for the amount of **PLN 20,000,000 - 40,000,00** (in words: **twenty million - forty million zloty**), the remaining part being secured through commitments by the Global Fund.

10. If the Investment Offer is submitted by a Polish Fund or a Global Fund, the funds must present investors' commitments to secure financial means in the amount of at least **PLN 20,000,000** (in words: **twenty million zloty**), not later than of the submission date of the Investment Offer.
11. At the stage of submitting the Investment Offer, the investors' commitments mentioned in section 9 and 10 can be of conditional character. Investors' commitments must be binding on the investors not later than on the date of concluding the Joint Undertaking Agreement. The obligation to provide binding commitments of the investors rests with the funds. Lack of binding commitments of the investors on the day of concluding the Joint Undertaking Agreement constitutes grounds for the Centre to reject the Investment Offer submitted by the funds which did not meet this obligation.
12. A binding investors' commitment to secure the means mentioned in section 9 or 10 must be consistent with provisions of the Joint Undertaking Agreement. Presentation by the funds of a binding investors' commitment which is not consistent with provisions of the Joint Undertaking Agreement on the day of its conclusion shall be treated as not presenting a binding commitment in the meaning of section 12.
13. The industry profile of the funds submitting Investment Offers must be consistent with the Preferred Industry Profile.
14. In order to be admitted to the Selection Procedure, each Fund must accept in its Investment Offer the rules of the undertaking specified in these regulations.

§ 4.

Minimum requirements for participation in the Consultancy Component

1. A consulting company can apply for the joint execution of the Consultancy Component.
2. The consulting company must be registered in Poland.
3. The consulting company must have experience in conducting consultancy projects within the scope of B+R commercialization, in a sector consistent with the Preferred Industry Profile.

4. In order to apply for the joint execution of the Consultancy Component, consulting companies submit Consultancy Offers.
5. Only individual consulting companies can apply for the joint execution of the Consultancy Component. Offers submitted by several companies will be rejected.
6. In order to be admitted to the Selection Procedure, each Consulting Company must accept in its Consultancy Offer the rules of the undertaking specified in these regulations.

§ 5.

Selection of partners for the joint execution of the undertaking

1. Funds and Consulting Companies shall be referred to jointly as **“partners”**.
2. The selection procedure shall be composed of five stages:
 - 1) stage I: submission of offers by partners;
 - 2) stage II: formal assessment of the submitted offers;
 - 3) stage III: technical assessment of the submitted offers;
 - 4) stage IV: creating a ranking of potential partners;
 - 5) stage V: negotiations with partners.
3. Tasks planned at the stages I-IV shall be conducted by the Team.
4. Negotiations with partners planned at the stage V shall be conducted by the Centre.
5. At any point during the Selection procedure, Team or Centre may approach Partners with a request for submitting additional documents or information necessary for evaluation of Partners' potential for joint implementation of Undertaking.

§ 6.

Stage I

Submission of offers

1. On the date of publishing the regulations, the Centre shall also publish drafts of the Investment Offer and the Consultancy Offer.

2. The Investment Offer and the Consultancy Offer shall be referred to jointly as “**offers**”, if any provision of the regulations applies to both types of offers, the term “**offer**” shall be used.
3. Partners applying for admission to the joint execution of the undertaking are obliged to submit offers in a form consistent with the draft mentioned in section 1. The Centre reserves the right to reject offers not meeting this requirement.
4. In a situation when a Polish Fund and a Global Fund apply for joint execution of the Investment Component, persons signing the Investment Offer must be authorized to represent both funds respectively. Copies of documents confirming the right of representation must be attached to the Investment Offer. Lack of a documented authorization to represent the funds shall result in rejection of the Investment Offer by the Team.
5. On the publication date of the regulations, the Centre shall determine the period during which partners can submit offers, this term cannot be shorter than 60 calendar days, starting from the publication date of the regulations.
6. On the publication date of the regulations, the Centre shall also specify the Preferred Industry Profile.
7. As an attachment to offer, Partners provide their financial statements for the last 3 years, if law requires them to prepare such statements.

§ 7.

Stage II

Formal assessment

1. In relation to each offer submitted by partners a formal assessment shall be conducted.
2. During the formal assessment, on the basis of the information provided in the offer, the Team shall assess whether the partners meet the minimum requirements mentioned in § 3 and 4.
3. If the partners meet the minimum requirements, their offers shall be referred further for technical assessment.
4. If the partners do not meet the minimum requirements, their offers shall be rejected.

5. The team shall perform formal assessment of the offers in a period not longer than 15 working days, starting from the final date for submitting the offers.
6. The Centre shall inform the partners about the results of the formal assessment immediately after its conclusion.

§ 8.

Stage III

Technical assessment

1. At the third stage, the Team shall perform analysis of the partners' potential for the joint execution of the investment.
2. The initial analysis of the partners' potential for the joint execution of the investment shall be performed on the basis of the information provided in the offers.
3. The detailed analysis of the partners' potential for the joint execution of the investment shall be performed on the basis of the information received during meetings of the Team with representatives of the partners.
4. In the case of Investment Offers, the analysis of the funds' potential for the joint execution of the Investment Component shall be performed considering the five following factors:
 - 1) experience of the funds, in particular experience and competences of the Team of investment experts;
 - 2) quality of the proposed investment strategy;
 - 3) value of the means which the funds will invest in the undertaking, confirmed by the investors' commitments, and the conditions on which these means can be invested (Capital Cost, Minimum ROI, Remaining ROI described in section 4 „Exit from joint undertaking” of the document „BRIDGE VC: Investment Component Brief”);
 - 4) preference of offers submitted jointly by a Polish Fund and a Global Fund, as mentioned in § 3 section 8;

- 5) Preference of the place of business of the Global Fund; preferred shall be Global Funds registered or having their main place of business in the US, Israel, Great Britain and Switzerland; preferred shall be also Global Funds having a Team of investment experts with experience working for VC funds in the above mentioned countries.
5. In the case of Consultancy Offers, the analysis of the consulting companies' potential for the joint execution of the Consultancy Component shall be performed considering the three following factors:
- 1) Experience in conducting consultancy projects within the scope of B+R commercialization, in a sector consistent with the Preferred Industry Profile; in regard to the above, the experience in international projects will be particularly valued;
 - 2) Range and quality of contacts which will be used to build a team (network) of experts, in particular, international network of contacts will be valued;
 - 3) Proposed strategy of securing consultancy support.

§ 9.
Stage IV
Ranking

1. As a result of the performed technical assessment, four rankings shall be prepared:
 - 1) Two Investment Rankings, separately for each field indicated in the Preferred Industry Profile;
 - 2) Two Consultancy Rankings, separately for each field indicated in the Preferred Industry Profile.
2. Investment Rankings and Consultancy Rankings shall be jointly referred to as **“rankings”**, if any provision of the regulations applies to both ranking categories, the term **“ranking”** shall be used.

3. A ranking is prepared in a written form. For each offer included in the ranking, the Team provides a written justification regarding the assessment of the potential of the partners submitting the offer.
4. The Centre shall provide the partners with the rankings immediately after they are prepared by the Team.

§ 10.
Stage V
Negotiations

1. The Centre shall enter into negotiations with the partners having the highest positions in the rankings.
2. If the negotiations are not successful, the Centre shall select another partner/partners with the highest position in the ranking.
3. If within 60 calendar days from the date of starting the negotiations the negotiations do not end in concluding the Joint Undertaking Agreement, the Centre has the right to deem the negotiations unsuccessful and take the steps mentioned in section 2.

§ 11.
Alternative investment offer

1. Each fund submitting the Investment Offer together with another fund can submit an Alternative Investment Offer.
2. Within the scope of the Selection Procedure, the Investment Offer and the Alternative Investment Offer are assessed separately, which means that the assessment result for one offer (and its ranking position) does not influence the assessment result of the second offer (and its ranking position).
3. A Fund can submit only one Alternative Investment Offer.
4. An Alternative Investment Offer cannot be submitted by funds submitting the Investment Offer individually.
5. Submitting of an Alternative Investment Offer does not constitute the basis for conclusion by the Centre of two Agreements for the joint undertaking with the same

fund. The Centre can conclude only one Joint Undertaking Agreement with the given fund.

§ 12.
Final provisions

These Regulations enter into force on the day they are signed and published on the Centre's website.