



Published on 16 March 2018

**Selection of one or more Financial Intermediaries to be funded within the scope of the Slovene Equity Growth Investment Programme (SEGIP), managed by European Investment Fund (EIF) and co-financed by SID banka, d.d., Ljubljana (SID Banka), to launch an investment fund targeting SMEs, small-midcaps and/or midcaps in Slovenia.**

**Deadline for applications: 16 June 2018**

The objective of this selection process, launched by EIF in cooperation with SID Banka, is to select one or more eligible Financial Intermediaries in conjunction with the Slovene Equity Growth Investment Programme (SEGIP), in order to increase funding options for Slovene companies and to support the emergence and professionalization of private equity investment fund manager(s) in Republic of Slovenia.

All applications by Financial Intermediaries<sup>1</sup> for funding from EIF within the scope of SEGIP under this selection process should be submitted to EIF and comply with the terms of this notice (the "Notice").

Please be informed that alongside funding financed by SID Banka, EIF anticipates using other funding sources under EIF's management (for example, funding available under EFSI Equity Instrument, Expansion and Growth Window) in respect of which the requirements applicable to such funding will apply in addition to those reflected in the Notice. After pre-selection of the applicants (please see section 6 below for the description on the process), EIF will inform you of such additional funding source and of the relevant requirements. In case EFSI Equity Instrument is used as potential additional funding source, the applicant is expected to familiarise themselves with the requirements of the EFSI Equity Instrument (available from [http://www.eif.org/what\\_we\\_do/equity/efsi/index.htm](http://www.eif.org/what_we_do/equity/efsi/index.htm)).

In this Notice, capitalised terms and expressions shall have the meaning attributed to them in this document and as defined in relevant Investment Guidelines annexed thereto, as appropriate.

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<sup>1</sup> Unless specifically indicated in this call for expression of interest or its annexes, the reference to a Financial Intermediary is to be understood to refer to a fund, its manager/advisor or both, as relevant.

## **1. Slovene Equity Growth Investment Programme (SEGIP)**

In November 2017, EIF and SID Banka launched the Slovene Equity Growth Investment Programme (SEGIP). The EUR 100 million equity investment programme aims to support Slovene SMEs, small-midcaps and/or midcaps access to growth and expansion equity capital. Within the scope of the SEGIP, investments are anticipated to be made in - or alongside - Financial Intermediaries, which provide equity, quasi-equity or hybrid debt-equity instruments<sup>2</sup> to underlying portfolio companies.

The objective of SEGIP is to support Slovene SMEs, small-midcaps and/or midcaps to attract international private equity investment to Slovenia and to build local capacity by supporting emerging fund managers which focus a significant part of their investments into Slovene companies.

As part of the activities under the SEGIP, the current selection process is launched with the objective to select Financial Intermediaries that meet the conditions of the funding available within the scope of the SEGIP. The total amount potentially available for the current selection process is indicatively EUR 20 million from SID Banka, such amount to be complemented with equal funding to be made available from other funding sources under EIF's management (bringing the total resources under the Programme to EUR 40m), subject to satisfying the eligibility and compliance with the terms of such funding. Applicants may express their interest for an investment of up to the referred amount. The indicative capital allocated to this selection process, as well as the amounts available for contribution to the selected Financial Intermediary, may be changed as necessary, at EIF's sole discretion.

## **2. Description of the activities expected from the selected Financial Intermediary**

In accordance with the procedure described below, the EIF may select one or several Financial Intermediaries for funding. The selection of Financial Intermediaries shall be made based on the funding available, as may be changed from time to time, and shall be based on the Selection Criteria reported in Appendix 3.

Financial Intermediaries must comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Financial Intermediaries must acknowledge the EIF Anti-Fraud Policy ([http://www.eif.org/attachments/publications/about/Anti\\_Fraud\\_Policy.pdf](http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf)) which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing and shall take appropriate measures (as may be further specified in the contractual documents to be entered into with each Financial Intermediary) to facilitate implementation of such policy.

## **3. Expression of Interest**

The Expression of Interest shall include the identification of the person applying for the funding (the "Applicant") and the Project Description, as described in the templates attached to this Notice respectively under Appendix 1 and Appendix 2, including any supporting documents deemed necessary for the assessment of the proposal.

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<sup>2</sup> Hybrid debt/equity investments mean investments in any debt instruments (alone or in conjunction with an equity component or link), which, in light of their subordination or of other special circumstances of the target companies, are expected to yield a return in excess of traditional senior bank financing.

No later than 25 April 2018, the Applicants may request clarifications regarding the selection process or the nature of funding available within the scope of the SEGIP. Such requests shall be submitted in English via e-mail to:

Equity Mandate Management

European Investment Fund

[SEGIP@eif.org](mailto:SEGIP@eif.org)

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to all requests for clarifications received within the relevant deadline will be published together in a Clarification Document to be posted on the website [www.eif.org](http://www.eif.org), at the latest on 10 May 2018.

EIF will in principle not contact any Applicant prior to the deadline, unless it considers it necessary to clarify issues of a technical nature. However, should EIF discover any errors, inaccuracies, omissions or any other type of clerical defect in the text of this Notice before the deadline, EIF will correct the text and inform accordingly.

#### **4. Language**

The Expressions of Interest, including the submitted documents, shall be in English only.

#### **5. Submission of the Expression of Interest**

The Expressions of Interest shall be submitted on or before the deadline set forth in the next paragraph **both** by (i) e-mail **and** (ii) registered mail or professional courier service. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form.

**The deadline for the submission of Expressions of Interest is 16 June 2018 (the "Deadline").**

The Deadline applies (i) in case of e-mails, to the reception by EIF and (ii) in case of registered mail or professional courier service, to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the reference "SEGIP Selection Process" and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund

Equity Mandate Management,  
Attention: Ms Maria Rodriguez Redaelli  
37 B, J.F.Kennedy,  
L-2968 Luxembourg  
LUXEMBOURG

The outer envelope (package) shall indicate the following:

"Expression of Interest – SEGIP Selection Process – Not to be opened by the reception – To be passed without opening to Equity Mandate Management".

E-mail Address:

Attention: Equity Mandate Management  
[SEGIP@eif.org](mailto:SEGIP@eif.org)

Prior to the Deadline and in the same manner as specified above, the Applicants may change or amend their Expressions of Interest by clearly indicating the parts to be changed or amended.

Prior to or after the Deadline and in the same manner as specified above, the Applicants may withdraw their Expressions of Interest by sending (i) an email and (ii) a letter to the above mentioned addresses.

After the Deadline, an acknowledgement of receipt will be sent by EIF to the relevant Applicants via e-mail, which shall confirm that the Expression of Interest was received before the Deadline.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment of the same.

## **6. Selection process**

Financial Intermediaries shall be selected on the basis of EIF's policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure.

In addition, the Expressions of Interests will be examined by the EIF on a comparative basis, using EIF professional analysis and judgment, and will be based on the Project Description and the Selection Criteria reported respectively in Appendix 2 and Appendix 3.

Following the receipt of the Expression of Interest, EIF shall assess the application(s) pursuant to the selection process outlined herewith. This process comprises:

### **1. Pre-selection;**

Expressions of Interest will be assessed by the EIF for pre-selection on a comparative basis. When assessing the Expressions of Interest, EIF will use its professional analysis and judgment. The pre-selection comprises:

#### **1. Pre-selection stage 1: eligibility assessment of the Expressions of Interest;**

EIF will assess whether the Expressions of Interest have been prepared in accordance with the eligibility provisions of this Call.

#### **2. Pre-selection stage 2: quality assessment of the Expressions of Interest.**

After completing the assessment of the eligibility criteria, and after having obtained any additional information or clarifications from the Applicants, if and as needed, the EIF will perform the quality assessment of the Expressions of Interest.

2. Due diligence;

Top-ranked pre-selected Expressions of Interest will be followed up with the due diligence process, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the financial instrument implementation shall be analysed in more detail.

3. Selection.

Based on the pre-selection outcome and the outcome obtained following the due diligence, the EIF will decide either:

- 1) To select the Applicant;
- 2) To put the Applicant on a reserve List;
- 3) To reject the proposal from the Applicant.

Applicants will be selected subject to (i) a successful commercial and legal negotiations, and (ii) a successful EIF internal approval of the transaction according to EIF own rules and procedures.

The contractual negotiation process shall not be considered concluded prior to the signature of the subscription agreement with the Financial Intermediary, in accordance with EIF's internal rules and procedures, and is in any case not concluded until EIF and the Applicants have agreed on all relevant terms and conditions, at EIF's full discretion.

Applicants who are not initially considered for contractual negotiations may, subject to the EIF's discretion, be included on a reserve list, which unless cancelled or extended in writing by EIF, shall be valid up to 30 June 2019 (the "Reserve List"). Applicants shall be notified by EIF of inclusion in the Reserve List.

EIF will send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process. EIF may, but shall not be obliged to provide reasons of such rejection. Those Applicants whose Expression of Interest is rejected, shall have the right to submit a written complaint by email and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt with within the framework of and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/accountability/complaints/index.htm>).

Any personal data provided by the Applicants shall be processed by EIF in compliance with its Data Protection Statement and the Regulation (EC) 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. The Data Protection Statement means the EIF statement on the processing operations of Applicants and Financial Intermediaries' personal data, as published on the EIF's website:

[http://www.eif.org/attachments/eif\\_data\\_protection\\_statement\\_financial\\_intermediaries\\_due\\_diligence\\_en.pdf](http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf)

In any phase of the selection process, EIF reserves full discretion and no Applicant or participating entity may have any claim or other right or may expect to be ultimately selected as Financial Intermediary. The start of a due diligence process or the negotiation of terms and conditions does not entail any obligation for EIF to enter into the agreement with the relevant Applicants.

## Appendix 1

### APPLICANT IDENTIFICATION

#### 1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT NAME	
CONTACT DETAILS	Address:  Telephone:  Fax:  E-mail:
LEGAL FORM	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS	Denomination of register:  Date of registration:  Country of registration:  Standard identification code / registration number, if applicable:
VAT	Registration number  or Statement of exemption issued by the national VAT authority dated.....enclosed under reference..... Issued by.....

#### 1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

INFORMATION REQUIRED	
TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname:  Forename(s):
FUNCTION	
CONTACT DETAILS	Address:  Telephone:

	Fax:  E-mail:
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**1.3. Contact person (if different from 1.2)**

TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname:  Forename(s):
FUNCTION	
CONTACT DETAILS	Address:  Telephone:  Fax:  E-mail:

## Appendix 2

### PROJECT DESCRIPTION

Applicants are asked to provide an outline investment proposal (the "Project Description") in relation to the Financial Intermediary. The Project Description should provide concise information on the following items:

#### Market

- Detailed description of the targeted market segment;
- Detailed description of the competitors in targeted market segment(s), including other sources of financing;
- Differentiation vis-à-vis competitors.

#### Investment strategy

- Fund focus, including stage and sector (indicating the focus on potential portfolio companies established or operating in Slovenia and established or operating in other EU member states respectively);
- Fund size, indicative breakdown of funds allocation to potential portfolio companies established or operating in Slovenia and established or operating in other EU member states respectively (including follow-on investment rounds);
- Expected portfolio models (including number and amount of investments, timing of follow-on investments) at minimum, target and maximum fund size;
- Financial instruments into which the Financial Intermediary expects to invest in (equity, quasi-equity, hybrid debt-equity) to be used and expected returns. Strategy for generation of deal flow, adding-value to investee companies, post-investment and exit strategy;
- Detailed description of existing pipeline of investment opportunities.

#### Fundraising

- Expected timing for first and final closings;
- Potential investors in the Financial Intermediary and their source of funding, classified by geography and investor type e.g. pension fund, insurance company etc.;
- Description (detailed list of names, amounts if available and stage of discussion) of the types of private investors envisaged and strategy of attracting co-investors;
- Details of any sponsor or potential investor receiving any special right (economic or related to governance), if any.

#### Management

- Fund manager team profile, detailing who would be full-time dedicated to the fund and who would be part-time, including location of each team member;
- Relevant team members' CVs (outlining main academic, professional and other relevant experience);
- Relevant team members' track record in venture capital and/or private equity transactions (incl. names of investee companies, type of investment/transaction, role played (e.g. lead, co-investment, advisor etc.) country of operation, dates of investment/divestment, investment size, proceeds to date, current valuation, exit multiples, gross IRR, role of team member in each transaction, provide references);
- Description of the joint experience of the team members;

- Description of presence in Slovenia (i.e. description of team members (investment professionals) located or to be located in Slovenia, and of their ability to communicate in English and Slovenian; presence of registered office in Slovenia, if any, or timeline to establish such office);
- Description of existing/established networks and relationships with companies established or operating in Slovenia;
- Detailed description of the legal structure/s foreseen, including an adequate justification of all cross-border elements of the structure;
- Description of the governance structure that allows for decisions concerning investments, divestments and risk diversification to be made in accordance with the applicable legal documentation and in line with the relevant market practice;
- Information on members of the advisory and investment committees to be established (including, *inter alia*, involvement and decision making process, with focus on independence of the management team as regards to the investment decisions);
- Applicant's risk management methodology, procedures and systems;
- Detail the shareholder base/ownership of the Applicant and the envisaged shareholder base for the fund management company, if it's planned to set up a new entity as a fund manager;
- Details of the planned carried interest split;
- Detail the history of the Applicant and its previous/existing business activities, particularly describing any activity having potential of conflicts of interest in relation to the fund;
- Description of the appropriate measures to avoid conflicts of interests and align the interests of the Financial Intermediary, its managers and its investors, such measures to be in line with market practices;

#### Terms and conditions

- Main economic terms, including management fee calculation, establishment costs, preferred return, carried interest, policy on any monitoring, transaction and similar fees and respective offset with the management fee;
- Operational budget of the Financial Intermediary;
- Indicative investment from fund management company and the management team into the fund;
- Indicative capital commitment requested from EIF within the scope of the SEGIP;
- Indicative capital commitments from private investors at the level of the Financial Intermediary.

## **Appendix 3**

### **Investment Guidelines and Selection Criteria**

This section describes some non-exhaustive guiding principles in the activities of the Financial Intermediary, and indicative terms applicable to in conjunction of the SEGIP.

As stated above, alongside funding financed by SID Banka, EIF anticipates using other funding sources under EIF's management (for example, funding available under EFSI Equity Instrument, Expansion and Growth Window) in respect of which the requirements applicable to such funding will apply in addition to those reflected in the Notice. After pre-selection of the applicants (please see section 6 below for the description on the process), EIF will inform you of such additional funding source and of the relevant requirements. In case EFSI Equity Instrument is used as potential additional funding source, the applicant is expected to familiarise themselves with the requirements of the EFSI Equity Instrument (available from [http://www.eif.org/what\\_we\\_do/equity/efsi/index.htm](http://www.eif.org/what_we_do/equity/efsi/index.htm)).

Category	Requirement
<p><i>SEGIP Investees</i></p>	<p>The Financial intermediary must undertake to invest in SEGIP Investees the higher of: (i) at least 0.7 times the amount of the relevant EIF investment or (ii) 50% of the total commitments drawn down for the purpose of investment from all investors in the Financial Intermediary.</p> <p>For the above purpose, in order to qualify as a SEGIP Investee, an enterprise must satisfy all of the following requirements, at the time of first investment by the Financial Intermediary into the SEGIP Investee:</p> <ol style="list-style-type: none"> <li>1. With respect to location of the enterprise, it must: <ul style="list-style-type: none"> <li>(i) be established with at least a registered office in Slovenia; or</li> <li>(ii) have Slovenia as country of its main operations; or</li> <li>(iii) have an investment intended to be aimed at establishing or developing a long-term presence in Slovenia (i.e. indicated by significant workforce in Slovenia or otherwise).</li> </ul> </li> <li>2. With respect to the size and stage of the enterprise, it must: <ul style="list-style-type: none"> <li>(i) be an SME (Commission recommendation 2003/361/EC of 6th May 2003, as amended), a small midcap (an entity with fewer than 500 FTE employees that is not an SME) or a midcap (an entity with up to and including 2999 FTE employees that is not an SME);</li> <li>(ii) have been operating for at least two years and have an expected revenue growth and positive cash flows during the expected duration of the investment, and</li> <li>(iii) have at least two employees; and</li> <li>(iv) have a net debt to EBITDA ratio : <math>\leq 6</math>, based on the latest available relevant valuation or annual report.</li> </ul> </li> <li>3. With respect to the activities of the enterprise: <ul style="list-style-type: none"> <li>(i) it does not operate in economic sectors referred to as the "EIF Restricted Sectors" in the Guidelines on the EIF Restricted Sectors<sup>3</sup> and</li> <li>(ii) it does not operate primarily any of the bellow listed sectors/areas: <ul style="list-style-type: none"> <li>i. financial services as per Sector code 57 of EVCA "Financial services", (for the avoidance of doubt excluding financial technology companies); or</li> <li>ii. real estate as per Sector code 58 of EVCA "Real Estate".</li> </ul> </li> </ul> </li> <li>4. It is not a company in difficulty, as defined by the Community guidelines on State aid for rescuing and restructuring firms in difficulty and is not in default on any payment to any national financial authorities.</li> <li>5. Exit expectations of the Financial Intermediary at the time of making the first investment in the Eligible Final Beneficiary: 2x exit expectation at the Eligible Final Beneficiary level.</li> </ol> <p>The Financial Intermediary must agree that the EIF may not be required to participate (subject to applicable law), fully or partially, in an investment, if that investment would result in an irremediable breach of the minimum allocation in the first paragraph of this section. For the avoidance of doubt, provided the above minimum allocation is complied with, the Financial Intermediaries may invest in entities that are not SEGIP Investees, subject to such entities not operating in economic sectors referred to as the "EIF Restricted Sectors" in the Guidelines on the EIF Restricted Sectors (the "Excluded Final Recipient").</p>
<p><i>Financial Intermediary size, duration</i></p>	<p>1. The Financial Intermediary should have a minimum fund size of at least EUR 30 million in the closing where EIF makes the commitment to the Financial Intermediary (or, as assessed by EIF, be likely to reach the minimum fund size in a subsequent</p>

<sup>3</sup> [http://www.eif.org/news\\_centre/publications/2010\\_Guidelines\\_for\\_Restricted\\_Sectors.htm](http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm)

<i>and denomination</i>	<p>closing) and a target fund size of at least EUR 50 million.</p> <ol style="list-style-type: none"> <li>2. The duration of the Financial Intermediary's investment vehicle shall not exceed 10 years from the first closing plus generally up to no more than two annual extensions subject to the fund investors' approval.</li> <li>3. Only Financial Intermediaries denominated in EUR are eligible.</li> </ol>
<i>Supporting of the market in Slovenia</i>	<p>For the objective of supporting the emergence and professionalization of private equity investment activity and capacity building in Slovenia and to ensure appropriate monitoring of the investments, the Financial Intermediary needs to have significant presence in Slovenia by:</p> <ul style="list-style-type: none"> <li>(i) being established with at least a registered office in Slovenia or by managing an investment vehicle established, or to be established in Slovenia and</li> <li>(ii) having sufficient staffing with personnel, including at least two investment professionals, to be based in Slovenia throughout the entire duration of the respective investment vehicle that is able to operate in a Slovene business environment (including appropriate language skills).</li> </ul>
<i>Investment strategy</i>	<ul style="list-style-type: none"> <li>• The Financial Intermediary must have, with respect to its asset class and size, an appropriate duration and risk diversification strategy, as per best market practice and as agreed with EIF.</li> <li>• The Financial Intermediary is to offer investment capital in the form of equity, quasi-equity or hybrid debt-equity Instruments to its portfolio companies and of such investment capital, at least 70% must be provided in the form of equity and/or instruments having equity-like characteristics.</li> <li>• The Financial Intermediary must not principally use leverage at the level of the Financial Intermediary.</li> <li>• The Financial Intermediary may not invest in derivatives. Notwithstanding the foregoing, the Financial Intermediary may utilize derivatives for protective hedging purposes exclusively.</li> <li>• The purpose of the Financial Intermediary's investment in target investees must be primarily to finance growth and expansion stage (i.e. the stage of development of a company that has already established a product or service, and has already generated revenue, but may or may not be making a profit and needs financing to grow and expand, including in order to finance increased production capacity, market or product development, provide additional working capital or is used for a transfer of business with a view to further grow the business). Replacement capital intended for asset stripping shall be a prohibited investment activity.</li> <li>• No more than 10% of the Fund's investable amounts are permitted to be invested in early stage companies (Seed or Start-up investment stage as defined by the Invest Europe and updated from time to time).</li> <li>• The Financial Intermediary shall not invest in any Excluded Final Recipients.</li> <li>• If the Financial Intermediary's contractual documents foresee the right of the Financial Intermediary to recall any distributions from Investors, such right must be limited in amount and in time, as deemed appropriate by EIF.</li> </ul>
<i>Structure and governance and economic</i>	<ul style="list-style-type: none"> <li>• The Financial Intermediary must be an incorporated structure and qualify as a Collective Investment Undertaking as per the provisions of the Capital Requirements Regulation<sup>4</sup>. This requirement is to be met by the time of EIF's commitment to invest into the Financial Intermediary.</li> </ul>

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<sup>4</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

terms	<ul style="list-style-type: none"> <li>The Financial Intermediary shall be managed by an independent management team<sup>5</sup> combining the appropriate mix of skills and experience to demonstrate the necessary capability and credibility to manage a risk capital fund<sup>6</sup> and which, during the due diligence process, demonstrated to the EIF that they (i) have a clear strategy to make a sufficient number of investments into SEGIP Investees, create adequate deal flow and establish appropriate exit strategies and (ii) will apply good market practice in areas such as legal structure, investment principles, reporting and evaluation.</li> <li>The Financial Intermediary shall be managed by entities which are controlled by individuals or privately held entities. Control in this regard shall mean the power to direct the management of the entity which is controlled whether through the ownership of voting capital, by contract or otherwise, or the ability to exercise (whether directly or indirectly) more than 50% of the voting capital or similar rights of ownership in respect of such controlled entity or the contractual right to appoint or remove the management of such entity or a majority of the members of such entity's executive bodies.</li> <li>The EIF shall be represented in advisory board or similar investor representation bodies of the Financial Intermediary.</li> <li>The management fee, preferred return and carried interest are in line with the market practice.</li> </ul>
Monitoring and audit	<ul style="list-style-type: none"> <li>The Financial Intermediary must agree (and must agree to cause the portfolio companies to agree) to allow the EIF, any person designated by EIF, the European Court of Auditors and OLAF to have access to adequate information to enable them to discharge their duties with respect to monitoring, control and auditing of the correct use of the invested amounts, including the promotion, visibility and transparency requirements specified in this section. These controls may include on-the-spot controls of the Financial Intermediary, and the portfolio companies.</li> <li>In order to allow for SID Banka as a regulated bank to carry out its monitoring activities, the Financial Intermediary will be requested to: <ul style="list-style-type: none"> <li>(i) invite SID Banka as an observer to events open to all investors, such as the annual general meeting (if any) of the Financial Intermediary;</li> <li>(ii) invite SID Banka as an observer at the advisory board (if any) or other similar governance body of the Financial Intermediary. For the avoidance of doubt, such body does not refer to the investment committee or similar body making investment or management decisions;</li> <li>(iii) permit SID Banka to contact the portfolio companies of the Financial Intermediary.</li> </ul> </li> </ul>
Non-Compliant Jurisdiction	<ul style="list-style-type: none"> <li>The Financial Intermediary shall not be established in a Non-Compliant Jurisdiction. A Non-Compliant Jurisdiction is a jurisdiction which does not cooperate with the European Union in relation to the application of the internationally agreed tax standard (of the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange for Tax Purposes), or their tax practices do not follow the Commission Recommendation.</li> </ul>
Reporting	<ul style="list-style-type: none"> <li>The Financial Intermediary shall provide the EIF with quarterly and annual reporting prepared in accordance with the reporting guidelines published or endorsed by Invest Europe (formerly known as European Private Equity and Venture Capital Association) from time to time. Financial Intermediaries shall also provide annual audited financial statements in accordance with applicable laws. The valuation of risk capital investments in target investees shall be made in accordance with the valuation</li> </ul>

<sup>5</sup> Independent management teams include teams operating within a corporate or university structure provided that the operation of the fund management business has a high degree of independence in making investment decisions from the parent company / organization.

<sup>6</sup> The individual members of the management teams are not required to have prior direct experience of fund management provided that they can otherwise demonstrate appropriate capabilities within the team to manage the Financial Intermediary, whereby the management team as a whole will be evaluated and this criteria does not have to be fulfilled by each individual member of the management team.

	principles published or endorsed by Invest Europe.
<i>Visibility</i>	<ul style="list-style-type: none"> <li>• Financial Intermediaries shall explicitly inform portfolio companies, that the financial instrument is being co-financed by SID banka, d.d., Ljubljana, and supported by other EIF and resources under EIF management as the case may be.</li> <li>• The first publication of the Financial Intermediary on the EIF's investment is to be coordinated with EIF, and should feature the role of the EIF and SID Banka as co-funding the financial instrument. The first publication of the SEGIP Investee on the investment from the Financial Intermediary should feature the role of the EIF and SID Banka in funding the investment.</li> </ul>
<i>Record keeping</i>	<ul style="list-style-type: none"> <li>• The Financial Intermediary shall maintain or be able to produce all the documentation related to the implementation of the financial instrument for a period of seven (7) years following the termination of the fund agreement. The Financial Intermediary shall require each target investee to maintain and be able to produce all documentation related to the investment for a period of seven (7) years following the termination of the investment in such target investee or the Financial Intermediary (as applicable).</li> </ul>
<i>Transfer rights</i>	<ul style="list-style-type: none"> <li>• EIF must have the right to transfer part of its investment to SID Banka in case of termination of the relevant funding agreement with SID Banka.</li> </ul>
<i>Additional representations</i>	<ul style="list-style-type: none"> <li>• The Financial Intermediary may be required by the EIF to provide additional representations related to SEGIP and other funding resources, as the case may be, that are being contemplated for co-financing the financial instrument (for example, for the EFSI Equity Instrument).</li> </ul>