

Goodmans^{LLP} Update

Canadian Government Announces Third Stream of VCCI with \$50 Million Investment in CleanTech

On January 28, 2019, Canada's Minister of Small Business and Export Promotion announced the third stream of the government's Venture Capital Catalyst Initiative (VCCI), which will provide funding to venture capital (VC) funds investing in clean technology ("CleanTech").

Under the first two streams of the VCCI, launched in December 2017, the government allocated \$350 million to large private sector-led funds-of-funds and \$50 million to VC funds focused on supporting underrepresented groups. For more detail on these streams, see our Update dated December 21, 2017, *Canada Promotes Gender Balance through new Venture Capital Catalyst Initiative*.

Stream 3 ushers in a further \$50 million for VC funds investing in Canadian CleanTech companies, to be delivered in the form of up to three investments of \$5 to \$25 million each. This initiative will complement other clean technology programs under the Pan-Canadian Framework on Clean Growth and Climate Change and the Innovation and Skills Plan.

Eligibility and Application

Stream 3 of the VCCI will enable Canadian firms to improve their efficiency and lower their carbon footprint. In her statement, Minister Ng emphasized the importance of clean technology to Canada's goals:

Canada is a world leader in clean technology. That's why our government is investing \$50 million in late-stage venture capital to help Canada's best small and medium-sized businesses working in clean technology scale into innovative global champions. This investment compliments our government's unprecedented \$2.3-billion investment in clean technology and will promote Canada's growing venture capital ecosystem.

To be eligible, applicants must meet specific investment thresholds. At minimum, 50% of an applicant's total fund size must be invested in CleanTech companies, and the invested amount must be three times the amount requested from the VCCI. Applicants must also meet a Canadian presence requirement and comply with a code of conduct and reporting requirements. Significantly, as with Streams 1 and 2, each applicant must demonstrate a commitment to gender and diversity by submitting an actionable gender balance strategy.

The government and a private-sector selection committee will evaluate all proposals, taking into account the applicant's investment strategy, manager capabilities, fundraising strategy and impact on advancing clean technology in Canada. Applicants are required to [submit proposals](#) by March 1, 2019. To discuss Stream 3 of the VCCI further, please contact any member of our [Technology Group](#).

This latest initiative emphasizes Canada's continued push to build a robust Canadian technology ecosystem, with the intended by-product being the growth of significant Canadian CleanTech businesses.

Goodmans Technology Group

To assist clients in the technology sector, Goodmans brings together our acknowledged expertise in corporate/commercial, private equity, corporate finance, mergers and acquisitions, outsourcing, licensing, intellectual property, privacy, regulatory and media, CleanTech, tax, litigation, human resources, corporate restructuring and administrative law. We do so both for innovative businesses in their start-up phase and for well-established businesses of all types. Goodmans continues to lead in the technology sector and is partnered with the DMZ at Ryerson University. The DMZ is a leading business incubator (selected by UBI as the top-ranked university incubator in North America, and third in the world), which connects its start-ups with resources, customers, advisors, investors, and other entrepreneurs. Goodmans is also a proud partner of IDEABOOST, an initiative of the Canadian Film Centre's Media Lab; building the next generation of technology-based media

entertainment products, services and brands. Through these partnerships, Goodmans provides legal advice, mentorship and networking opportunities to assist startups in maximizing their potential.

Goodmans is also an internationally recognized leader in other aspects of technology law and transactions. From our thought-leadership, through participation on the Boards of associations such as CanTech (Canadian Technology Law Association), CORE (Centre for Outsourcing Research and Education), CIEG (Canadian Institute for Exponential Growth, which organized the Summit) and iTechLaw (International Technology Law Association), to our involvement in major technology procurement, joint venture and outsourcing transactions, to our representing, in court proceedings and in arbitrations, major technology providers, and users of technology, in ground-breaking cases, our Technology Group is consistently at the forefront of leading technology transactions and cases.

Members of our Technology Group are recognized as leading technology lawyers in *Chambers Global*, *Lexpert*, *Legal 500 Canada*, Legal Media Group's *The Best of the Best*, *The Best Lawyers in Canada*, Law Business Research's *The International Who's Who of Business Lawyers*, and *The Lexpert /American Lawyer Guide to the Leading 500 Lawyers in Canada*, teach internet and communications law at Canada's largest law schools, are regular lecturers at technology industry events and legal conferences, and have published articles in the technology law field.

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