

Technology Law and Corporate and Commercial

December 21, 2017

Canada Promotes Gender Balance through new Venture Capital Catalyst Initiative

On December 18, 2017, Canada's Innovation, Science and Economic Development Minister Navdeep Bains and Small Business Minister Bardish Chagger announced a call for proposals for the Government of Canada's new Venture Capital Catalyst Initiative (**VCCI**). The VCCI will inject \$400 million into the Canadian venture capital (**VC**) industry and aims to build a portfolio of large funds-of-funds and alternative models to strengthen and broaden the Canadian VC ecosystem, while also focusing on diversity and gender balance among VC fund managers and portfolio companies.

In her statement, Minister Chagger highlighted the importance of diversity in Canada's VC industry:

“By focusing on strengthening diversity, we are building a more robust Canadian venture capital industry that embraces principles of fairness and gender equality and helps entrepreneurs create the good middle-class jobs of tomorrow”.

The VCCI should have a significant impact on the Canadian technology sector. It is estimated that the VCCI could inject approximately \$1.5 billion into Canada's innovation capital market.

Who is eligible for VCCI Funds

The VCCI funds will be allocated into two streams:

1. \$350 million will be allocated to large private sector-led funds-of-funds with capital commitment targets ranging from \$150 million to \$400 million. The first stream of funds will be distributed to

applicants that “seek to maximize returns through diversified investments, support skilled VC fund managers, and attract substantial private sector capital”, with a “focus on enhancing diversity and addressing gender balance among VC fund managers and portfolio companies”. Successful funds-of-funds are expected to raise \$2.25 for every \$1 of public capital received.

2. \$50 million will be allocated to proposals concerning alternative investment models that are not addressed by the first stream. The second stream of funds will be distributed to applicants with “strategies focused on supporting underrepresented groups such as women or diverse fund management teams and entrepreneurs, or emerging regions and sectors”.

Focus on Gender Balance and Diversity

The VCCI incentivizes proposals addressing gender balance and diversity. Applicants for both streams must disclose: (i) proposed strategies to address gender balance among Canadian VC fund managers and companies, and (ii) any additional steps applicants will take to address gender balance in the Canadian VC ecosystem. In the evaluation process, additional weight will be given to proposals that include efforts aimed at (i) supporting emerging, diverse, women or alternative fund managers, (ii) investing in underserved Canadian regions and (iii) investing in key underserved sectors.

In addition to gender and diversity considerations, applicants will be evaluated on a number of factors, including investment strategy, management capabilities, fundraising strategy and overall impact on the Canadian VC ecosystem. Further, successful applicants must maintain a Canadian presence with an active investment office in Canada and meet minimum proportions of investment in Canadian funds and companies.

Goodman's Update

The government is asking applicants to submit proposals by February 23, 2018. To discuss the VCCI further, please contact any member of our Technology Group.

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.