



INVESTORS IN TECHNOLOGY

a confidential database of investors seeking technology ventures in York and North Yorkshire

GUIDANCE NOTES

About Science City York

Science City York provides support and advice to technology-based businesses. Its objective is to create new business and employment in York and North Yorkshire.

Science City York supports three active technology clusters:



It provides individual business support for new ventures and developing businesses and access to innovation and technology growth funds and training programmes.

It also creates and runs networks, events and conferences, and raises the profile of York and North Yorkshire as a great place to live, work and invest in technology ventures.

The Science City York “Investors in Technology” initiative

“Investors in Technology” (IIT) is a confidential database of 25-30 certified High Net Worth Individuals and Sophisticated Investors prepared to invest money and expertise in the technology sector of York and North Yorkshire and who may wish to remain anonymous.

It complements the established angel investment groups in the region which will remain as important channels of business development. The aim is to provide access to a new group of private investors who have the resources and the vision to invest in selected technology ventures, but wish to safeguard their privacy.

Contact with private investors will be conducted only via participating professional Business Advisors who will represent their own clients interests and maintain their confidentiality. The Science City York IIT database will hold a reference code for the investors and data on the technology areas of interest, the funds they are prepared to invest, and the areas of expertise that they can provide. There will be no personal details on the IIT database.

Science City York will review the new ventures that are considered suitable for early stage private investment, identify from the database suitable potential investors, and then offer the investor’s Business Advisor the opportunity to view the Business Plan.

Participation in Science City York “Investors in Technology” (IIT)

There is no membership or subscription fee and an application for entry to the database can be made by any professional Business Advisor who can provide the necessary assurance to Science City York that they and their client have satisfied the requirements of the Financial Services and Markets Act 2000.

Membership is open to both investment professionals and to private investors.

To join, investors should complete and return a Science City York IIT Application to join the database (page 4) and forward it to their professional Business Advisor to verify that there is compliance with the FSMA. Private Investors need to include a copy of their 'high net worth individual' or 'sophisticated investor' certificate. Investment Professionals will need to include proof that their company is Financial Services Authority (FSA) regulated.

Science City York reserves the right to choose which individuals will be sent any particular business plans and no start-up companies will be under any obligation to accept investments from, or participation by, IIT database members. Science City York will take reasonable steps to ensure that the information supplied to database members in connection with potential investments is accurate and not misleading, but cannot be held responsible for the results of any investment.

Risks and Rewards

Investment in new businesses carries high risks, as well as the possibility of high rewards. It is highly speculative and potential investors should be aware that no established market exists for the trading of shares in private companies. It is possible that an investor could lose all or part of their investment. To maximize returns, investors may need to hold their investment on a long term basis and investors should note that this vehicle may not be suitable for short term investment. The success of some start-ups does not in any way predict success for others.

Whilst we take care with our proposals, it will be appreciated that the business plan on which an investment decision is made is often a development of an idea as originally presented, and the business experience and preferences of the potential investors are often significant factors in the final shape of the new company. Before investing in a project, potential investors are strongly advised to take advice from a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on investments of this kind. They will be able to advise on the level of protection afforded by the UK regulatory system and point out that investments of this nature may not provide investors access to the UK Financial Ombudsman Service.



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Guide to Investors and their professional Business Advisors

Government legislation does not allow business plans to be sent to potential investors unless the recipient is an “investment professional”, a “high net worth individual”, or a “sophisticated investor”. These terms are defined by the Financial Services and Markets Act 2000 (“FSMA”) as shown below and each must be appropriately documented.

Category	Criteria	Requirement
Investment Professional	An individual who is an authorised or exempt person under the FSMA or who is employed by an authorised or exempt organisation under the FSMA	Signature of FSMA Declaration
High Net Worth Individual	Annual income > £100k or assets > £250k (excluding family home)	Signature of annual FSMA statement and certification by accountant or employer
Sophisticated Investor	Sufficient experience in dealing with certain kinds of investments to understand risks involved	Signature of annual FSMA statement and certification by a Financial Services Authority (FSA) regulated organisation

The role of professional Business Advisors participating in the IIT database

Science City York wishes to provide investment opportunities to all the categories defined under the Act and will accept entries for the IIT database from professional Business Advisors who can verify that their clients meet the requirements.

It is the responsibility of the professional Business Advisor representing their private investor clients to ensure that they have satisfied the full requirements of the Financial Services and Markets Act 2000 in its entirety.

If the client is an “investment professional” they will need to complete and sign Part A of the application form.

If they fall into either the “high net worth individual” or sophisticated investor” bracket the Business Advisor must ensure that they complete and sign Part B of the application form and the professional Business Advisor will need to verify to Science City York that that their client has a valid certification under the FSMA.

The Science City York Investors in Technology database is not a regulated body under the terms of the FSMA. The government legislation is designed to protect investors and Science City York is dependent on the professional Business Advisors who wish to take advantage of this initiative on behalf of their clients to ensure compliance with the legislation.

Anna Rooke,
Manager, Science City York, 20 George Hudson Street, York YO1 6WR



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APPLICATION TO JOIN THE DATABASE

Please ensure that you have read the Guidance Notes, especially the section on Risks and Rewards (page 2).

DECLARATION BY INVESTORS

I am applying for entry to the Science City York Investors in Technology database from today's date. I undertake not to use for my own benefit or to disclose to anyone else any information which is supplied to me by Science City York unless it first gives its consent in writing. I recognise that information supplied by Science City York is confidential, and that failure to maintain confidentiality in the information may prejudice patent protection and/or lead to substantial financial loss.

Note:

1. If you are an institutional investor (e.g. venture capital firm), please complete Parts A and D and return to Science City York with your contact details and proof that the company is FSMA regulated.
2. If you are an individual investor, please complete Parts B, C and D and return to your professional Business Advisor with the appropriate certificate. Part D only will then be forwarded to the IIT database.

Part A – INSTITUTIONAL INVESTORS

I am an investment professional

I make this statement so that I, on behalf of _____
(*please insert company name*), am able to receive promotions which are exempt from the restrictions on financial promotion in the Financial Services and Markets Act 2000. I accept, on behalf of the Company named in this application, that the contents of promotions and other material I receive may not have been approved by an authorised person and thus their content may not be subject to the controls which would apply if the promotion was made or approved by an authorised person. I am aware that it is open for me to seek advice from such an authorised person.

Signed: _____ Date: _____



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Part B – INDIVIDUAL INVESTORS

(Note: You must provide an appropriate certificate if joining the Science City York IIT database as an individual investor. Please include a copy of your certificate when returning this form to your professional Business Adviser).

I am a certified 'high net worth individual'

I make this statement so that I am able to receive promotions which are exempt from the restriction on financial promotion in section 21 of the Financial Services and Markets Act 2000. The exemption relates to certified high net worth individuals and I declare that I qualify as such. I accept that the content of promotions and other material I receive may not have been approved by a person who has been authorised under that Act and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I am aware that it is open to me to seek advice from someone who is authorised under the Act and who specialise in advising on this kind of investment.

Signed: _____ Date: _____

I am a certified 'sophisticated' investor

I make this statement so that I am able to receive promotions which are exempt from the restrictions on financial promotion in the Financial Services and Markets Act 2000. The exemption relates to certified sophisticated investors and I declare that I qualify as such in relation to cash investments in return for shares, options and warrants in high risk early-stage technology, research and development businesses and all other types of businesses which may or may not carry high degrees of risk. Such businesses may be Limited Companies registered in the United Kingdom or elsewhere overseas and Limited Liability Partnerships. I accept that the contents of promotions and other material that I receive may not have been approved by an authorised person and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I am aware that it is open to me to seek advice from someone who specialises in advising on this kind of investment.

Signed: _____ Date: _____



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Part C - TO BE COMPLETED BY THE INDIVIDUAL INVESTOR

CONFIDENTIAL – This section is to be retained by the professional Business Advisor and is not to be entered onto the Science City York Investors in Technology database.

Name: _____ Ref No: _____

Address: _____

Phone: _____

Mobile: _____

Fax: _____

E-mail: _____



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Part D – TO BE COMPLETED BY ALL INVESTORS

THIS SECTION ONLY TO BE SENT TO SCIENCE CITY YORK

Ref No: _____

<u>Technology Areas of Interest</u>	<u>Funds Available – Single Investment</u>
Bioscience & Health <input type="checkbox"/>	Maximum Initial <input style="width: 100px;" type="text" value="£"/>
IT & Digital <input type="checkbox"/>	Total <input style="width: 100px;" type="text" value="£"/>
Creative Industries <input type="checkbox"/>	I am interested in a consortium <input type="checkbox"/>
Other, e.g. Engineering/ Manufacturing <input type="checkbox"/>	

Expertise and Time Investment

Expertise – please tick	Available Time
General Management <input type="checkbox"/>	_____ days per month Any other relevant information on investment interests and time/expertise:
Finance <input type="checkbox"/>	
Sales/Marketing <input type="checkbox"/>	
Production <input type="checkbox"/>	
Other (specify below)	

Data Protection

The information that you provide on this application form will be stored and processed by your professional Business Advisor who is responsible for maintaining your confidentiality, forwarding only data that is not confidential and in providing Science City York with the necessary assurances that you satisfy the exemption requirements under the Financial Services and Markets Act 2000.