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No. 2 of 2004

**Third Session Eighth Parliament Republic of
Trinidad and Tobago**

SENATE

BILL

AN ACT to amend the Venture Capital Act, 1994

THE VENTURE CAPITAL (AMENDMENT) BILL (NO. 2), 2004

Explanatory Note

(These notes form no part of the Bill but are intended only to indicate its general purport)

This Bill seeks to amend the Venture Capital Act, 1994 to remove certain restrictions and to provide for the further development of the venture capital regime and industry.

Clauses 1 and 2 provide for preliminary matters.

Clause 3 of the Bill seeks to amend the definitions of “company”, “equity share” and “Minister” respectively. The term “equity share” would be extended to encompass capital in the form of ordinary, preference and convertible preference shares. This clause would also insert a definition of “Fund Manager”.

Clause 4 would amend section 4(2)(c) of the Act by removing the requirement for a company to provide its authorized share capital upon application for registration as a venture capital company. Section 4(3)(b) would be amended to reflect the Companies Act, 1995.

Clause 5 would amend section 5 of the Act to provide for the amount of equity capital that would be required by a venture capital company at the time of application, to range between fifty thousand dollars and one hundred million dollars. Section 5(e) would be amended by deleting the existing paragraph and substituting a new paragraph that would require a venture capital company to have equity shares only.

Clause 6 would amend the Act by inserting sections 5A and 5B after section 5. The proposed sections 5A and 5B would establish the qualification and eligibility requirements for a Fund Manager in the Venture Capital Incentive Programme.

Clause 7 would amend section 9(2) of the Act to increase the amount of equity capital with which a venture capital company shall carry on business from twenty million dollars to one hundred million dollars.

Clause 8 would repeal the existing section 10 and substitute a new section 10. The proposed section 10 would prohibit a venture capital company from altering its articles of incorporation or continuance or its by-laws without the written approval of the Administrator. The issued shares of a venture capital company would have to be fully paid for in cash.

Clause 9 would amend section 12(1) of the Act to extend the commencement of investment from twelve months to twenty-four months from the date of registration or such period as may be approved by the Venture Capital Incentive Programme.

Clause 10 would repeal section 13(2) of the Act.

Clause 11 would amend section 14(*b*) to require a qualifying investee company to have no more than the issued and fully paid-up share capital as prescribed by the Minister. This clause would repeal section 14(*d*) of the Act thereby removing the requirement of a qualifying investee company to have a prescribed number of employees.

BILL

AN ACT to amend the Venture Capital Act, 1994

[, 2004]

ENACTED by the Parliament of Trinidad and Tobago as Enactment
follows:—

1. This Act may be cited as the Venture Capital Short title
(Amendment) Act, (No. 2) 2004.

2. In this Act, “the Act” means the Venture Capital Interpretation Act
Act, 1994. No. 22 of 1994

Section 2 amended

3. Section 2 of the Act is amended—

(a) by deleting the definition of “company” and substituting the following definition:

“ “company” means a body corporate that is incorporated or continued under the Companies Act, 1995;”;

Act No. 35 of
1995

(b) by deleting the definition of “equity share” and substituting the following definition:

“ “equity share” means capital in the form of ordinary, preference and convertible preference shares;”;

(c) by inserting, after the definition of “financial institution”, the following definition:

“ “Fund Manager” means a person who manages the assets of a venture capital company;” and

(d) by deleting the definition of “Minister” and substituting the following definition:

“ “Minister” means the Minister to whom responsibility for the Venture Capital Incentive Programme is assigned;”.

Section 4 amended

4. Section 4 of the Act is amended—

(a) in subsection (2) by revoking paragraph (c); and

(b) in subsection (3) by revoking paragraph (b) and substituting the following paragraph:

“(b) be accompanied by a certified copy of the articles of incorporation or continuance and the by-laws of the company.”.

5. Section 5 of the Act is amended—

Section 5 amended

(a) by deleting paragraph (a) and substituting the following paragraph:

“(a) is incorporated or continued under the Companies Act, 1995;”;

(b) by deleting paragraph (d) and substituting the following paragraph:

“(d) has, at the time of its application for registration as a venture capital company, equity capital of not less than fifty thousand dollars and not more than one hundred million dollars;”;

(c) by deleting paragraph (e) and substituting the following paragraph:

“(e) has equity shares only;” and

(d) in paragraph (f) by deleting the words “a memorandum of association that restricts” and substituting the words “articles of incorporation or continuance and by-laws that restrict”.

6. The Act is amended by inserting after section 5, the following sections:

“Fund
Manager

5A. A person who—

(a) is the holder of a degree or professional qualification—

- (i) as an Accountant;
- (ii) as a Chartered Secretary;
- (iii) in the field of Law;
- (iv) in the field of Business;

(v) in the field of Economics;
or

(vi) in the field of Management,
in an accredited programme from
a university or other educational
institution; and

(b) has at least two years working
experience in finance, manage-
ment, accounting or such other
qualification as the Minister,
after consultation with the
Administrator, may by Order
prescribe,

shall be qualified to act as a Fund
Manager.

Eligibility

5B. Subject to section 5A, a person shall
cease to and not be eligible to act as a Fund
Manager if he—

(a) has had an undischarged bank-
ruptcy order made against him;

(b) has direct or indirect interest
which conflicts with or is likely to
conflict with the performance of his
duties as a Fund Manager; or

(c) has been convicted of an offence
involving fraud or other
dishonesty.”.

Section 9 amended

7. Section 9(2) of the Act is amended by deleting the
word “twenty” and substituting the words “one
hundred”.

8. Section 10 of the Act is repealed and the following section substituted: Section 10 amended

"Restriction on shares and articles of incorporation" 10. (1) A venture capital company shall not, without the written approval of the Administrator, alter its articles of incorporation or continuance or its by-laws.

(2) All the issued shares of a venture capital company shall be fully paid for in cash."

9. Section 12(1) of the Act is amended by deleting the words "twelve months from the date of its registration" and substituting the words "twenty-four months from the date of its registration or such period as may be approved by the Administrator". Section 12 amended

10. Section 13(2) of the Act is repealed. Section 13 repealed

11. Section 14 of the Act is amended— Section 14 amended

(a) in paragraph (b) by deleting the words "no less and"; and

(b) by revoking paragraph (d).

Passed in the Senate this day of , 2004.

Clerk of the Senate

I confirm the above.

President of the Senate

Passed in the House of Representatives this day of , 2004.

Clerk of the House

I confirm the above.

Speaker

No. 2 of 2004

THIRD SESSION
EIGHTH PARLIAMENT
REPUBLIC OF
TRINIDAD AND TOBAGO

BILL

AN ACT to amend the Venture Capital
Act, 1994

Received and read the

First time.....

Second time.....

Third time.....
