



U.S. Small Business
Administration



U.S. Department of Defense | Office of Strategic Capital

Investment Policy Statement Small Business Investment Company Critical Technologies Initiative

As of January 10, 2025

This Investment Policy Statement replaces the prior
Investment Policy Statement dated September 20, 2023

**Investment Policy Statement
Small Business Investment Company
Critical Technology Initiative**

Table of Contents

1.0	Mission.....	2
2.0	Purpose.....	2
3.0	SBICCT Initiative Objectives.....	2
3.1	CTA Sector and License Allocation Policies.....	3
3.2	SBICCT Initiative Allocation Objectives	7
3.3	Management Criteria	7
3.4	FOCI Risk Assessment	9
3.5	Additional Government-backed Services Supporting the SBICCT Initiative	9
3.6	Performance and Risk	11
3.6.1	Return Expectations	11
3.6.2	Risk Mitigation and Monitoring	11
4.0	Governance	12
4.1	Authorities, Directives, and Policies.....	12
4.2	Roles and Responsibilities	12
4.2.1	Department of Defense	13
4.2.2	Small Business Administration.....	14
4.2.3	Joint Roles and Responsibilities	15
4.3	Conflicts of Interest.....	16
	Appendix A: Form Compliance Agreement.....	17

1.0 Mission

The Small Business Investment Company Critical Technologies Initiative (“SBICCT Initiative”) is a joint effort based on a Memorandum of Agreement between the Small Business Administration (“SBA”) and the Department of Defense (“DoD”) to increase private capital investment in critical technologies, supply chain and component-level technologies and production processes vital to U.S. national and economic security interests. The SBICCT Initiative is the first effort under the SBA-DoD partnership which began in 2020, was officially launched by the Secretary of Defense and the SBA Administrator on December 3, 2022, and began accepting applications for licensure as an SBICCT Initiative fund on September 29, 2023.

The SBICCT Initiative is executed by SBA’s Office of Investment and Innovation (“OII”) and DoD’s Office of Strategic Capital (“OSC”), combining (i) SBA’s deep expertise and experience executing the established and highly successful Small Business Investment Company program (the “SBIC Program”), (ii) DoD’s robust scientific and technical expertise, (iii) OSC’s investment and finance experience and expertise and (iv) SBA and DoD’s joint national and economic security mission. By providing capital (in the form of government-guaranteed loans from SBA) and technology sector guidance (in the form of program-related initiatives), the SBICCT Initiative aims to empower highly qualified fund managers to scale and catalyze investments in critical technology areas (defined under 10 U.S.C §4801(6)) as well as supply chain and component-level technologies and production processes.

2.0 Purpose

Building on the long-established fund underwriting standards, portfolio management, and regulatory oversight policies and practices of the SBIC Program, this SBICCT Initiative Investment Policy Statement (this “IPS”) is intended to:

- a) Outline SBICCT Initiative investment objectives and portfolio considerations including strategic sector, investment stage, asset allocation, portfolio construction, and management of SBICCT Licensees;
- b) Outline the SBICCT Initiative portfolio governance framework, detailing the respective roles and responsibilities of SBA and DoD (OSC); and
- c) Outline the approaches to risk management, monitoring, and reporting requirements of the SBICCT Initiative.

3.0 SBICCT Initiative Objectives

In today’s global competition for critical technology, private capital is the dominant source of funding, and a key source of U.S. comparative advantage.

The SBICCT Initiative’s primary objective is to attract and scale private investment into technology areas, components, and production processes critical to national and economic

security. Specifically, under the SBICCT Initiative, SBA and DoD partner to (i) license qualified small business investment companies (“SBICs” or “Licensees”) with expertise deploying capital in markets aligned with the critical technology areas described in 10 U.S.C §4801(6), (ii) facilitate access to government-guaranteed leverage, amplifying capital available to these licensed funds under SBA’s SBIC Program authorities, and (iii) provide to SBICCT Initiative Licensees program-related initiatives and benefits designed to drive value to each Licensee’s investment strategy.

Within the critical technologies defined under the United States Code, the DoD Undersecretary of Research and Engineering has identified fourteen critical technology areas vital to U.S. national security interests, which technologies are listed and described on the DoD Undersecretary of Research and Engineering website (collectively, the “CTAs”). In addition, OSC has identified the need for investment in portfolio companies directly involved in supply chain and component-level technologies and processes that enable the capabilities stemming from the development of these CTAs such as critical minerals and materials, domestic maritime industries (shipbuilding, ship repair, marine transportation capabilities and port infrastructure) and additive and advanced manufacturing (these fourteen CTAs and the fifteenth category comprised of enabling investments for CTAs and these additional industries described above being referred to collectively as the “SBICCT Initiative Investment Focus.”)

While all areas covered by the SBICCT Initiative Investment Focus are in the scope of the SBICCT Initiative, the Secretary of Defense directed OSC to identify industry segments within the CTAs for potential investment that are of particular interest to the DoD. These industry segments are intended to be focused enough to increase investment in key industries and supply chains, but broad enough to enable SBICCT Initiative Licensees to take a portfolio approach to critical technology segments. These industry segments (and related CTAs) are set forth in the FY2025 Office of Strategic Capital Investment Strategy (the “FY2025 OSC Investment Strategy.”)

The SBICCT Initiative seeks to support licensing of investment funds under the SBIC Program with investment strategies that are additive and complementary to free market activity and further, does not view favorably licensing investment funds whose investment strategy focuses only on existing areas of efficient and effective market activity.

3.1 CTA Sector and License Allocation Policies

A strong candidate for the SBICCT Initiative will have an investment strategy that aligns with the following principles:

- a) *Investing in enabling technologies*, which are often component technologies that have broad effect across technology areas within the SBICCT Initiative Investment Focus;
- b) *Investing in technologies and portfolio companies that enhance U.S. competitiveness*, which includes, but is not limited to, advantages in manufacturing, strengthening market positions, and building on intellectual property within the SBICCT Initiative Investment Focus; and

- c) *Investing in opportunities that require patient capital*, with the intent that the SBICCT Initiative lowers the cost of capital, making long-term, capital-intensive investments more attractive, in particular, investments within the SBICCT Initiative Investment Focus that are often challenged to attract the capital necessary to commercialize at scale and achieve market viability.

A Licensee under the SBICCT Initiative is required to demonstrate and commit to a strategic intent to allocate and invest at least 60% (the “60% Threshold”) of its total “Invested Capital” (defined below) in portfolio companies with operations within SBICCT Initiative Investment Focus as described in the IPS in effect on the MAQ application submission date and any additional CTAs or other investment focus areas added in subsequent issuances of the Investment Policy Statement (or other similar governing document to the SBICCT Initiative) following the MAQ application submission date though not excluding any CTAs or investment focus areas that have been removed in any subsequent Investment Policy Statement.

For purposes of the 60% Threshold, “Invested Capital” means the total amount of funds invested in portfolio companies by the SBICCT Initiative Licensee or committed to be invested in portfolio companies by the SBICCT Initiative Licensee (in the case of a tranching investment or, with respect to a Reinvestor SBIC, this includes a capital commitment to an underlying fund). For the avoidance of doubt, Invested Capital shall be calculated in the aggregate and shall include the aggregate amount of capital invested or committed to be invested by an SBICCT Initiative Licensee, regardless of whether the SBICCT Initiative Licensee’s portfolio companies remain in the portfolio and regardless of any write-downs or write-offs subsequent to the initial investment or commitment.

All Section 301(c) SBIC License types are eligible for consideration under the SBICCT Initiative (i.e., Accrual SBIC, Standard Debenture SBIC, Reinvestor SBIC, and Non-Leveraged SBIC Licenses). In accordance with SBIC Program rules and regulations, including 13 CFR § 107.720(a)(2)(i), Applicants that are granted a Reinvestor SBIC License must invest a meaningful percentage of their Equity Capital Investments (as defined in 13 CFR § 107.50) into underlying funds. Reinvestor SBIC Licensees may invest in qualifying Non-Leveraged SBICs (that otherwise meet SBA’s small business size standards) and underlying funds that do not hold an SBIC license, provided that they meet SBA size standards. Reinvestor SBIC License Applicants are required to have an underserved or undercapitalized focus. A focus on the SBICCT Initiative Investment Focus is automatically deemed to be underserved and undercapitalized. Additional details regarding the Reinvestor SBIC License can be found in the SBIC program SOP 10. 10. 1. (as amended or supplemented from time to time, the “SBIC SOPs”).

Once licensed, all SBICCT Initiative Licensees will be monitored to ensure that the Licensees are following their respective investment strategies that were put forth during the application process, in particular with respect to the Licensee’s commitment to the 60% Threshold. Reinvestor SBIC Licensees must report all portfolio company investments of the underlying funds, in addition to the ‘roll up’ fund investments, and all direct investments made by the Licensee. This ‘look through’ information will be used to calculate compliance with the 60% Threshold which for Reinvestor SBICs will be determined on an aggregate basis taking into account both the direct invest and the

fund investments. Furthermore, notwithstanding anything set forth in the applicable regulations to the SBIC Program or in the SBIC SOPs, Non-Leveraged SBICCT Licensees will be required to comply with quarterly reporting requirements and portfolio company related reporting requirements as set forth in the Compliance Agreement. The specifics of the reporting requirements for each type of Licensee under the SBICCT Initiative is set forth in the Compliance Agreement (which is described more fully below.)

This strategic intent to meet the 60% Threshold will be deemed met if the Licensee has satisfied the 60% Threshold on or before the earlier of (i) the date the Licensee has invested 60% of its Combined Capital (defined below) and/or provided to SBA reasonable assurances deemed sufficient by SBA that Licensee has the ability to meet the 60% Threshold with the then uncalled capital of the Licensee and the sourcing and composition of the pipeline of potential portfolio investments and (ii) the expiration of the investment period (as defined in the Licensee's limited partnership agreement). "Combined Capital" means the Licensee's Regulatory Capital plus its Total Intended Leverage Commitment (if applicable), each as defined in 13 CFR § 107.50.

Each SBICCT Initiative Licensee is responsible for the investment strategy, origination, portfolio construction, due diligence, and execution of investments in the SBICCT Initiative Investment Focus.

In addition, there are currently twelve industry segments within these CTAs that are of particular interest to DoD and that are described in more detail in the FY2025 OSC Investment Strategy. These industry segments (and related CTAs) in the FY2025 OSC Investment Strategy are as follows:

- **Nanomaterials and Metamaterials (*Advanced Materials*)**. Materials with any dimension between 1 and 100 nm that can have different physical and chemical properties to their bulk-form counterparts.
- **Bioenergetics (*Biotechnology*)**. Utilization of biological processes and principles related to energy conversion, storage, and transfer for high potency applications.
- **Synthetic Biology (*Biotechnology*)**. Use of technology to design, modify, or create novel biological systems that do not exist in the natural world.
- **Open RAN (*FutureG and 5G*)**. Open Radio Access Network (ORAN) is an ongoing shift in mobile network architectures that enables service providers the use of non-proprietary subcomponents from a variety of vendors.
- **Sensor Hardware (*Integrated Sensing and Cyber*)**. Physical devices that capture and measure physical inputs such as light, temperature, humidity, motion, and more to be converted into data for interpretation by a human or machine.
- **Assembly, Testing, and Packaging (*Microelectronics*)**. The process to assemble, package, and inspect fully manufactured microelectronic chips enabled by advanced tools, machines, and technology.
- **Materials (*Microelectronics*)**. Critical components, raw materials, and rare earth elements utilized in microelectronic manufacturing.
- **Quantum Computing (*Quantum Science*)**. Quantum computing harnesses the principles of quantum mechanics, utilizing qubits, which can be implemented using atoms, to enable exponential computational speed-up compared to classical computers.
- **Quantum Security (*Quantum Science*)**. Quantum security refers to developing and implementing cryptographic methods and protocols that are resistant to attacks by quantum computers.
- **Quantum Sensing (*Quantum Science*)**. Quantum sensing leverages the principles and properties of quantum mechanics to develop sensors capable of making exceptionally accurate and sensitive measurements.
- **Battery Storage (*Renewable Energy Generation and Storage*)**. The process of storing chemical energy using chemical reactions to convert and store energy within batteries, such as lithium ion, lead acid, and other technologies.
- **Space Enabled Services and Equipment (*Space Technology*)**. Services related to satellite and other spacecraft launch and operation, such as satellite communications, geospatial intelligence, global navigation satellite systems, in-space refueling and servicing, and rapid global delivery of cargo via space launch, as well as associated ground equipment such as terminals and receivers.

The FY 2025 OSC Investment Strategy may be updated as directed by the Secretary of Defense, with additional industry segments of particular interest to DoD and/or a statement that the prior areas and industry sectors remain a focus of DoD.

SBICCT Initiative Applicants will be asked to identify their fund investment strategy and priorities within the SBICCT Initiative Investment Focus. Subject to statutory, regulatory, and policy prioritization requirements of the SBIC Program, Applicants that submit an application narrative and investment strategy aligned to this IPS are deemed to be part of SBA's strategic priority investment themes described in SBIC SOPs. A successful Applicant to the SBICCT Initiative will adequately justify why certain areas or investment focuses are underinvested and will further demonstrate that the Applicant will be supported by the requisite technical and investment expertise to increase investment in these areas.

3.2 SBICCT Initiative Allocation Objectives

The SBICCT Initiative aims to license SBICs pursuing investment strategies focused on companies that develop, sustain, scale, and enable the SBICCT Initiative Investment Focus. Both SBA and DoD desire that the aggregate portfolio of SBICCT Initiative Licensees aligns with the guidance outlined in this IPS and, as the initiative is implemented, operates collectively as a diversified portfolio of Licensees capable of and committed to profitable investment in the SBICCT Initiative Investment Focus and with the following broad characteristics:

1. *A representation of experienced investors within their asset class and strategy demonstrating a strong track record of performance and scaling technologies.* Investors that invest in companies in the SBICCT Initiative Investment Focus and have a proven track record of:
 - a. Advancing companies from “prototype-to-production” in early or seed stage of development.
 - b. Scaling companies operating in the SBICCT Initiative Investment Focus for broader commercial applications through follow-on equity investment and private debt.
 - c. Integrating companies operating within the SBICCT Initiative Investment Focus into established businesses or growing portfolio companies focused on the SBICCT Initiative Investment Focus organically to reach viability, each in an effort to bolster and secure supply chains.
2. *Geographic diversification.* The SBICCT Initiative seeks to license investment funds across the U.S. to maximize broad impact across regional and local economies.
3. *Stage diversification.* To ensure a continuum of capital is available to support the full lifecycle of the development, commercialization and integration of companies operating in the SBICCT Initiative Investment Focus, in the aggregate, the SBICCT Initiative looks for broad diversification across each stage of investment including seed stage, early stage, growth equity, private equity, venture debt, private credit, special situations and fund-of-funds.
4. *Industry diversification.* To ensure capital is available for all priority areas within the SBICCT Initiative Investment Focus, in the aggregate, the SBICCT Initiative seeks to diversify investment across all parts of the SBICCT Initiative Investment Focus.

3.3 Management Criteria

Successful SBICCT Initiative Applicants will not only align with the mission requirements of this IPS but will also meet SBA’s established underwriting standards for the SBIC Program. These standards include, but are not limited to, that the prospective Licensee be led by experienced managers with a proven track record of success aligned to the proposed investment strategy of the prospective Licensee.

As additional general guidelines, the “Three Cs” can be used for management evaluation: (1) the *Composition* of the team; (2) the *Cohesiveness* of the team; and (3) the *Character* of the team.

Composition: Refers to the number of team members, their backgrounds, and experience base as it relates to the strategy of the proposed Licensee—the Composition element factors in both present composition and possible future contingencies.

Cohesiveness: Relates to the ability of the team to work together effectively and demonstrate commitment to the investment fund to its conclusion. This is a function of shared philosophy/vision, interactions of individual personalities, relative contributions, motivation, compensation, and a joint history.

Character: Evaluation is the assessment of the ethics of each team member as evidenced by past behavior. Each member of the team must be judged to be honest, ethical, and capable of handling the fiduciary responsibility of managing third-party capital (including leverage).

The composition, cohesiveness, and character considerations are analyzed through lenses reflecting mission alignment outlined below to assess each Applicant’s fit with the SBICCT Initiative mission and objectives. This analysis is in addition to and fully integrated with an evaluation of each Applicant’s fitness in accordance with SBA’s SBIC Program underwriting standards which include, but are not limited to, the following criteria:

- Experienced management team with a proven successful track record of investing in the SBICCT Initiative Investment Focus and demonstrated ability to attract, diligence, structure, and harvest investments;
- Proven investment strategy capable of generating returns sufficient to repay obligations and return investments within the fund’s stated investment horizon and in accordance with the terms of any issued SBA Debentures;
- Strategic fund structure that fits within SBA and OSC priorities for investment in the SBICCT Initiative Investment Focus and aligns with the SBICCT Initiative mission;
- Ability to raise investor capital and demonstrated previous success raising private capital effectively and efficiently; and
- Experienced fund operations, account, compliance, legal, investor relations, team members, partners, or advisors capable of managing and complying with SBIC Program statutory, regulatory, policy and procedural requirements and the additional requirements and reporting obligations related to the SBICCT Initiative.

3.4 FOCI Risk Assessment

OSC and SBA shall conduct a risk assessment of any unacceptable influence and control by our nation's adversaries over each Applicant/Licensee to the SBICCT Initiative and each Applicant's/Licensee's affiliates, investors, employees, independent contractors, key vendors, portfolio companies, co-investors in portfolio companies, and other persons and entities with the potential to influence and control Applicant/Licensee or Applicant's/Licensee's portfolio companies and/or with access to sensitive or proprietary information relating to Applicant/Licensee (collectively, the "FOCI Risk Assessment") to evaluate the risk of unacceptable foreign influence and control by Adversary Entities (as defined below).

For purposes of the SBICCT Initiative, an "Adversary Entity" is defined in the Compliance Agreement for each Licensee. The current definition of Adversary Entity is (A) any "foreign adversary of the United States," as defined in 15 C.F.R. § 791.4 or as specified by the Secretary of Commerce pursuant to paragraph (b) of such section, and (B) any person subject to the direction and control of such adversary. Any FOCI Risk Assessment resulting in a determination that there exists unacceptable risk of influence and control from an Adversary Entity may result in an Applicant being deemed ineligible for a SBIC License under the SBICCT Initiative or a Licensee being deemed ineligible to participate in program-related initiatives (described below) or additional leverage.

In the event that a direct limited partner investor of an Applicant to the SBICCT Initiative is domiciled in a country that is an Adversary Entity, the Applicant will be deemed ineligible for a license under the SBICCT Initiative. Similarly, in the case of a drop-down fund, in the event that a direct limited partner of the parent fund to the Applicant is domiciled in a country which is an Adversary Entity, the Applicant will be deemed ineligible for a license under the SBICCT Initiative. Lastly, in the case of a parallel fund structure where one fund is intended to be an SBIC fund licensed under the SBICCT Initiative, in the event that a direct limited partner of the parallel fund to the Applicant is domiciled in a country which is an Adversary Entity, the Applicant will be deemed ineligible for a license under the SBICCT Initiative.

3.5 Additional Government-backed Services Supporting the SBICCT Initiative

As part of its partnership with SBA, OSC will work to make available to SBICCT Initiative Licensees program-related initiatives ("PRIs"). DoD plays a critical role in facilitating investment in companies operating in the SBICCT Initiative Investment Focus, and OSC is uniquely positioned at the nexus of the national security ecosystem, technical expertise, and industry to provide SBICCT Initiative Licensees with an impactful suite of offerings each designed to drive value to the mission of the SBICCT Initiative.

In collaboration with each SBICCT Initiative Licensee, the composition of the offered PRIs for each Licensee will be tailored individually for each Licensee by OSC depending on the particular facts and circumstances of each Licensee including the details relating to the investment strategy of the Licensee.

The availability of any one PRI is subject to the applicable authorities of DoD, SBA and OSC, larger DoD Policy, and the then availability of resources (both human and capital resources). Subject to the limitations described above, the PRIs may include the following:

Technical Expertise and Connections to Additional Critical Technology Ecosystems

The OUSD(R&E) maintains a deep bench of domain-specific technical experts, overseen by a Principal Director (“PD”) for each CTA. The PDs are partnered with OSC to support SBICCT Initiative Licensees.

Access to National Security Agency (NSA) Defense Industrial Base (DIB) Cyber Security Offerings

Through the NSA’s Cybersecurity Collaboration Center low- or no-cost cybersecurity offerings are available to eligible SBICCT Initiative Licensees and their respective portfolio companies to better protect critical technologies.

Controlled and Secure Information Access

Members of the management teams of SBICCT Initiative Licensees may be sponsored for security clearances to the extent necessary for the development of the SBICCT Initiative Licensee’s technology areas included in their investment strategy.

Cooperative Research and Development Agreements (“CRADAs”)

SBICCT Initiative Licensed funds could leverage a CRADA or similar agreement with DoD to better enable research and development activities and information sharing between the Licensee, portfolio companies, and DoD organizations.

FOCI Risk Assessment for Proposed Portfolio Companies and Prospective Limited Partners

Upon request of a Licensee and subject to availability of resources of SBA and OSC, SBA and OSC may conduct a FOCI Risk Assessment for any proposed portfolio investment of an SBICCT Initiative Licensee or a proposed investor in the Licensee.

OSC Conferences, Roundtables, Webinars, Annual General Meetings and Other Industry Gatherings

OSC intends on hosting and participating in various industry conferences, roundtables, webinars and other educational sessions and gatherings structured so that SBICCT Initiative Licensees will have an opportunity to (i) deepen their understanding of target areas within the SBICCT Initiative Investment Focus, (ii) connect and network with other investment funds, limited partners and select service providers working and aligned with the SBICCT Initiative mission, and/or (iii) connect and network with the larger DoD community and critical technology ecosystem.

OSC may also assist Licensees under the SBICCT Initiative with arranging for OSC leaders to participate in Licensee’s annual general meetings with their investors and if appropriate, present on topics of general interest relating to the SBICCT Initiative Investment Focus, national security, and other OSC mission-related areas of interest.

Within the practical and other limitations described above, over time, OSC intends to expand and tailor the offered PRIs to Licensees based on each Licensee’s specific investment strategies and technical focus.

3.6 Performance and Risk

3.6.1 Return Expectations

As stipulated by [13 CFR 107.200\(b\)](#), a successful Applicant to the SBIC Program must be “economically viable” and produce returns commensurate with industry standards. In accordance with SBIC Program rules and regulations, all investment performance metrics from financial reports provided to all investors must also be provided to SBA and may be further provided to OSC in accordance with applicable federal law. These metrics are reviewed by SBA relative to standard industry benchmarks for the relevant investment strategy and vintage year of the Licensee.

Nothing set forth in this IPS will exempt SBICCT Initiative Licensees from compliance with SBIC Program statutory, regulatory, policy and procedural requirements, including the requirements to comply with the terms of any SBA leverage.

3.6.2 Risk Mitigation and Monitoring

Guidelines for SBICCT Initiative Licensees

The SBICCT Initiative aims to mobilize capital into sectors and technologies where there are private market inefficiencies coupled with elevated risk and/or long-duration investment requirements. The SBICCT Initiative risk mitigation strategy begins with identifying and researching proposed critical investment sectors. Sector selection is based on critical technology needs, commercial market potential, and future liquidity options. Following sector selection and market study, the risk will ultimately be managed via thorough Applicant selection.

SBICCT Initiative Licensees shall comply with all SBIC program data and reporting requirements, including annual and quarterly reports to be used for risk mitigation and monitoring purposes. These reporting requirements offer further insight into the Licensee’s health and ability to galvanize investment into the SBICCT Initiative Investment Focus.

In addition to the standard reporting and other requirements of the SBIC Program as set forth in program regulations, SBICCT Initiative Licensees will be subject to a written and executed SBICCT Initiative Compliance Agreement (the “Compliance Agreement”) in substantially the

form attached here as [Appendix A](#) which contains additional forms and disclosures specific to the SBICCT Initiative, covenants related to general partnership, management company and fund ownership and control, a covenant to adopt and exercise a strategic intent to invest in compliance with the 60% Threshold and formal commitments to adopt and implement commercially reasonable best practices relating to unacceptable foreign influence and control, intellectual property and patent protections, and national security threat awareness and mitigation training.

As part of the Compliance Agreement, each SBICCT Initiative Licensee shall update the SBA and OSC on any changes to the information on which the FOCI Risk Assessment is based and OSC and SBA will conduct ongoing FOCI Risk Assessments for each Licensee throughout the term of the License.

In addition, under the Compliance Agreement, each Licensee and all employees of the management company of the Licensee will agree to attend a virtual Threat Awareness and Mitigation Training offered by SBA and DoD within 12 months of the effective date of the Compliance Agreement and annually thereafter for as long as the SBIC license is held.

4.0 Governance

This section details the authorities and governance policies related to the SBICCT Initiative.

4.1 Authorities, Directives, and Policies

Several authorities, directives, and policies guide the SBICCT Initiative and provide a framework for the implementation and execution of the program. These include but are not limited to:

- [Small Business Investment Act of 1958](#)
- [13 C.F.R. Part 107](#)
- [OMB Circular A-129 \(Policies for Federal Credit Programs | 2013\)](#)
- [OMB Circular A-11; Section 185 | \(Federal Credit | 2022\)](#)
- [Federal Credit Reform Act of 1990 \(FCRA\)](#)
- [Budget and Accounting Acts of 1921; 1950](#)
- [Debt Collection Act of 1982](#)
- [Deficit Reduction Act of 1984; Section 2653](#)
- [SBA SOP 10 10 1](#)
- [10 USC 149 FY2025 National Defense Authorization Act](#)
- 31 U.S.C. § 1535, Agency Agreements, the Economy Act
- 10 U.S.C. § 133a, Under Secretary of Defense for Research and Engineering
- DoD Directive 5137.02, Under Secretary of Defense for Research and Engineering (USD(R&E))
- DoD Instruction 4000.19, Support Agreements
- Defense Federal Acquisition Regulation Supplement (DFARS) 17.500(b) and Procedures, Guidance and Information (PGI) 217.502-1

4.2 Roles and Responsibilities

This section outlines the primary roles and responsibilities and shared responsibilities of SBA, OII, DoD and OSC for the successful execution of this IPS.

4.2.1 Department of Defense

Office of Strategic Capital (“OSC”)

OSC is responsible for DoD’s management of the SBICCT Initiative, overseeing DoD’s roles and responsibilities in the execution of the program. OSC also provides embedded DoD SMEs to the OII execution team to perform due diligence, portfolio management and examinations on SBICCT Initiative Applicants and Licensees, as well as observers to the SBA’s investment committee.

OSC Director

Provides oversight and guidance on all OSC-related activities and ensures program execution aligns with senior leader and Strategic Capital Advisory Council (“SCAC”) guidance. OSC Director will report to the SCAC, DoD’s internal governance forum for OSC, and will provide updates on program developments.

OSC Chief Investment Officer (“OSC CIO”)

Responsible for the execution and implementation of all OSC investment-related programs. Ensures the SBICCT Initiative is executed in line with OSC priorities/objectives and provides regular updates to the OSC Director on licensing, investments, and portfolio performance. Provides guidance and direction for OSC SMEs embedded with the OII team.

OSC Capital Markets Team (“OSC Capital Markets Team”)

Team that executes and implements all OSC investment-related programs. Ensures the SBICCT Initiative is executed in line with OSC priorities/objectives. Takes a lead role on investment fund due diligence and underwriting during the licensing process (working with and in coordination with leadership in the OII Licensing unit and designated subject matter experts in the OII Licensing Unit), takes lead role in certain of the responsibilities related to portfolio management (working with and in coordination with leadership in the OII IPM Unit (defined below) and designated subject matter experts in the OII IPM Unit) and provides support to the OII Examinations Unit with respect to SBICCT Initiative Licensees.

Strategic Capital Advisory Council (“SCAC”)

The SCAC is DoD’s internal governance forum for OSC and provides dedicated, robust oversight to advise and assist on OSC strategy, policy, and operations. Standing members of the SCAC include the Under Secretary of Defense for Research and Engineering (co-chair); Under Secretary of Defense for Acquisition and Sustainment (co-chair); Under Secretary of Defense for Policy; Under Secretary of Defense (Comptroller) and Chief Financial Officer; Director of Cost Assessment and Program Evaluation; General Counsel of the DoD; the Service Acquisition Executives; and the Joint Staff Director of Force Structure, Resources, and Assessment.

4.2.2 Small Business Administration

Office of Investment and Innovation (“OII”)

This SBA Office is responsible for management and oversight of the SBIC Program for SBA, overseeing the execution of the SBIC Program, and leading engagement with OSC partners on the SBICCT Initiative.

SBA Administrator

The SBA Administrator serves as the ultimate decision maker within the SBIC Program licensing process and gives final approval for Green Light Letters authorizing Applicants to raise private funds as an SBIC and move towards final licensing. In addition, the SBA Administrator serves as the ultimate decision maker for all SBIC Program licensing decisions, in consultation with OSC.

OII Associate Administrator (AA/OII)

The OII Associate Administrator oversees and guides all OII-related activities, including the SBIC program, and ensures program execution aligns with senior leader guidance and recommendations.

OII SBIC Licensing Unit

The OII SBIC Licensing Unit is composed of Investment Officers and Investment Analysts responsible for engaging with Applicants and reviewing the Management Assessment Questionnaires (“MAQs”) and MAQ pre-screen forms, reviewing Applicant qualifications, performing investment and operational due diligence, coordinating legal reviews, and presentation of recommendations to the Investment Committee. This expert underwriting team provides guidance and support to the OSC team underwriting and performing due diligence on SBICCT Initiative Applicants. Upon the SBA Administrator’s Green Light approval and all preconditions for license issuance having been met, the OII SBIC Licensing Division is responsible for issuing the final SBIC Program license.

OII SBIC Investment Portfolio Management (“IPM”) Unit

The OII SBIC Investment Portfolio Management Unit is composed of Investment Officers and Investment Analysts responsible for portfolio monitoring, management, and operational oversight of licensed SBICs. IPM Analysts are assigned to active Licensees and serve as a priority point of contact for operational, management and regulatory compliance. IPM Analysts working with the OSC team will conduct quarterly portfolio review calls/meetings with SBICCT Initiative Licensees and will review all reporting from such Licensees.

OII SBIC Examinations Unit

The OII SBIC Examinations Unit is responsible for conducting regulatory examinations of all Licensees including SBICCT Initiative Licensees. Examinations are typically held on an annual or bi-annual basis.

4.2.3 Joint Roles and Responsibilities

Investment Committee

SBIC SOPs set forth the scope and governance policies of the SBA Investment Committee. OSC personnel are permitted to observe all Investment Committee proceedings and all Investment Committee management team interviews but do not have any official voting rights.

The Agency's Executive Secretariat Concurrence Process and Administrator Approval of Applicants

SBIC SOPs set for the process for the review of Applicants through the Agency's Executive Secretariat concurrence process and the process to obtain the Administrator's approval, in each case for both the issuance of Green Light Letters and Licenses.

Risk Committee

SBIC SOPs set for the roles and responsibilities of the Risk Committee. The Risk Committee includes participation of the OSC CIO or delegate of OSC CIO, in each case, in an observer role as relevant to the SBICCT Initiative.

Portfolio Management and Monitoring

For SBICCT Initiative Licensees, SBA and OSC have a joint responsibility to monitor the health of the portfolio and SBICCT Initiative Licensees. The OSC team works closely with the IPM team participating in a quarterly Licensee review process and receiving/analyzing periodic investment and financial reports from SBICCT Initiative Licensees.

Critical Technologies Advisory Committee

The members of OSC's Investment Committee will serve the SBICCT Initiative as the Critical Technologies Advisory Committee which will, on a quarterly basis, review the portfolio company investments of each SBICCT Initiative Licensee (and the underlying fund portfolio company investments in the case of a Reinvestor SBIC Licensee) to make a recommendation to the OII Patient Capital Investment Division as to whether such investment qualifies towards the 60% Threshold. For purposes of clarification, the Critical Technology Advisory Committee will have no decision-making authority and will only provide advice and recommendations to OII who may choose to follow or not follow any such recommendations.

IPS Implementation and Management

OSC and OII will review the IPS annually and amend and modify it as necessary to ensure the IPS aligns with SBIC Program and SBICCT Initiative objectives and all new and revised statutory and regulatory requirements. Changes in programmatic objectives, the scope of the SBICCT Initiative Investment Focus and other material updates will influence policy guidance for prospective SBICCT Initiative Applicants. The OSC Director and the AA/OII (or in their absence, either of their respective designees) must approve all changes and updates to this IPS.

4.3 Conflicts of Interest

If any member of OSC or advisors have or appear to have a conflict of interest that impairs or appears to impair the respective member's ability to exercise independent and unbiased judgment in the good faith discharge of their duties, they shall disclose such conflicts before meaningful discussion. All SBICCT Licensees and members of OSC must also comply with any other conflicts of interest policies of DoD, OSC, and SBA, as applicable.

All Licensees must also abide by the conflict-of-interest requirements stipulated in [13 CFR §107.730](#) and [13 CFR §107.885](#) and other regulations that may be applicable to SBICCT Initiative Licensees.

Appendix A

Compliance Agreement

[See attached agreement]

SMALL BUSINESS INVESTMENT COMPANY
CRITICAL TECHNOLOGIES INITIATIVE
COMPLIANCE AGREEMENT

This Small Business Investment Company Critical Technologies Initiative (“**SBICCT Initiative**”) Compliance Agreement, along with exhibits attached hereto (this “**Agreement**”) is effective as of [REDACTED] 2025, by and between the U.S. Small Business Administration (“**SBA**”), an agency of the United States; [INSERT NAME OF SBIC FUND], L.P., License No. [REDACTED] (the “**Fund**”) and [INSERT NAME OF GENERAL PARTNER], the general partner of the Fund (the “**General Partner**”).

RECITALS

WHEREAS, the Fund is a Small Business Investment Company (“**SBICs**”), licensed under the Small Business Investment Act of 1958, as amended (the “**Act**”), whose principal office is located in [INSERT CITY], [INSERT STATE];

WHEREAS, the Fund submitted their Form 2181 Management Assessment Questionnaire SBIC application to the SBA on [REDACTED], 2024 (the “**Application Date**”);

WHEREAS, the Fund received its Green Light Letter on [REDACTED], 20[REDACTED] and was licensed as an SBIC on [REDACTED], 20[REDACTED] (the “**License Issuance Date**”);

WHEREAS, the Fund is managed by [INSERT NAME OF INVESTMENT ADVISER/MANAGER] (“**Investment Adviser/Manager**”);

WHEREAS, the Fund is licensed under SBA’s SBICCT Initiative, which is a joint effort by SBA and the United States Department of Defense (the “**DoD**”) under a Memorandum of Agreement dated March 7, 2023, as amended and restated from time to time, between the two agencies which SBICCT Initiative is implemented and carried out by the Office of Investment and Innovation at the SBA and the Office of Strategic Capital (“**OSC**”) at the DoD;

WHEREAS, the mission of the SBICCT Initiative is to attract and scale private capital investment into small businesses involved in the development of technologies, components and production processes critical to the national and economic security of the United States;

WHEREAS, the execution and delivery of this Agreement is a condition of the Fund’s participation in the SBICCT Initiative as set forth in the Investment Policy Statement of the SBICCT Initiative, dated January 10, 2025, as amended from time to time (the “**IPS**”).

WHEREAS, the IPS also sets forth certain additional guidelines applicable to SBICs licensed under the SBICCT Initiative aimed to ensure that licensed SBICCT funds align with certain mission requirements and refrain from deploying capital in a manner inconsistent with public benefit;

WHEREAS, SBIC Funds are required to comply with all applicable SBIC Regulations (see 13 C.F.R. § 107.20(a));

WHEREAS, SBA and DoD have determined that the execution and delivery of this Agreement, and performance of the terms herein, by the Fund will fulfill the additional guidelines under the SBICCT Initiative; and

WHEREAS, by entering into this Agreement, SBA does not waive or release any of its statutory or regulatory rights or remedies to which it may be entitled with respect to the Fund;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the Fund, the General Partner and SBA hereby agree as follows:

AGREEMENT

Section 1. **Definitions.** All capitalized terms not otherwise defined in this Agreement shall be as defined in SBA regulations at 13 C.F.R. Part 107 (the “**Regulations**”) or the IPS (as indicated below).

Section 2. **Representations and Warranties.** The Fund and the General Partner, each on behalf of itself, the Principals of the Fund, (collectively, the “**Principals**”) and the Investment Adviser/Manager each as defined in the Fund’s limited partnership agreement, hereby represent and warrant to SBA as follows:

- (a) The Fund is a [limited partnership] duly organized and validly existing in good standing under the laws of the state of [Delaware] and is duly qualified to transact business and the General Partner is a [limited liability company] duly organized and validly existing in good standing under the laws of the State of [Delaware] and is duly qualified to transact business;
- (b) This Agreement has been duly executed and delivered and has been duly authorized by the Fund and the General Partner; and
- (c) The Fund, the General Partner and the Principals have read, are familiar with and understand the IPS;

Section 3. **Affirmative Covenants.** The Fund and the General Partner (on their own behalf and on behalf of the Principals and the Investment Advisor/Manager) covenant and agree as follows:

- (a) **Strategic Intent to Invest in Critical Technologies.**
 - (i) **60% Threshold.** The Fund and the General Partner shall adopt and exercise strategic intent to invest at least 60% (the “**60% Threshold**”) of the total “**Invested Capital**” (as defined below) of the Fund in portfolio companies directly involved in the development or enabling of one or more critical technologies (as

defined in 10 U.S.C Section 4801(6) and refined, listed and described on the DoD Undersecretary of Research and Engineering website (collectively, the “CTAs”) and/or portfolio companies directly involved in supply chain and component-level technologies and processes that enable the capabilities stemming from the development of these CTAs such as critical minerals and materials, domestic maritime industries (shipbuilding, ship repair, marine transportation capabilities and port infrastructure) and additive and advanced manufacturing (these CTAs, enabling technologies, components and processes for CTAs, and these additional industries described above being referred to collectively as the “**SBICCT Initiative Investment Focus**”) each as described in the IPS, and/or any other similar governing document to the SBICCT Initiative or official guidance from SBA and OSC relating to the SBICCT Initiative Investment Focus, in effect on the Application Date and any additional CTAs added in subsequent issuances of the Investment Policy Statement (or other similar governing document to the SBICCT Initiative or official guidance from SBA and OSC relating to the SBICCT Initiative Investment Focus) following the Application Date, though not excluding any CTAs that have been removed in any subsequent Investment Policy Statement, similar governing document or official guidance from SBA and OSC.

- (ii) 60% Threshold and Reinvestor Funds. The 60% Threshold applied to Reinvestor Licensees shall be measured across the direct invest portion of the Reinvestor’s portfolio and the fund-of-funds portion of the Reinvestor’s portfolio taken as a whole based on the Invested Capital in each case divided by the Reinvestor’s Combined Capital (as defined below).
- (iii) Fulfilling 60% Threshold. Such intent shall be deemed met if the Fund has satisfied the 60% Threshold on or before the earlier of (A) the date on which the Fund has invested 60% of its “Combined Capital” (as defined below) and/or provided to SBA reasonable assurances, deemed sufficient by SBA (in its sole discretion), that the Fund has ability to meet the 60% Threshold with the then uncalled capital of the Fund and the sourcing and composition of the pipeline of potential portfolio investments of the Fund and (B) the expiration of the investment period (as such term is defined in the limited partnership agreement of the Fund).
- (iv) Consequences of Not Meeting 60% Threshold. In the event that the Fund has not satisfied the 60% Threshold on or before such dates, SBA may elect to take no action (*i.e.*, the provision of any notice and/or the pursuit of any remedy) relative to any failure by the Fund timely to achieve the 60% Threshold if SBA, in its sole and reasonable discretion, to be exercised following consultation with

OSC, determines that the Fund has adopted and exercised strategic intent relative to the SBICCT Initiative Investment Focus, notwithstanding amounts actually invested in portfolio companies focused on the SBICCT Initiative Investment Focus, or to defer any such action to a later date (also at SBA's sole discretion). In the absence of other material violations of the SBIC Act, if SBA, in its sole and reasonable discretion, to be exercised following consultation with OSC, determines that the Fund had not adopted and exercised the required strategic intent relative to the SBICCT Initiative Investment Focus, a consequence (which SBA may choose to impose or not impose) may include forfeiture of status under the SBICCT Initiative, and the Fund may (at SBA's discretion) reapply to continue as a regular SBIC, provided that SBA determines that the Fund is then qualified to execute an alternative investment strategy approved by SBA (in its sole discretion) and provided, further, that leverage draws may be suspended during any pendency of the reapplication (as determined by SBA in its sole discretion).

- (v) Definition of Combined Capital. For purposes of this Agreement “**Combined Capital**” shall mean the Fund's Regulatory Capital plus its Total Intended Leverage Commitment [FOR NON-LEVERAGED FUNDS ONLY: Regulatory Capital].
- (vi) Definition of Invested Capital. For purposes of this Agreement, “**Invested Capital**” shall mean the total amount of funds invested in portfolio companies of the Fund, guaranteed by the Fund for the benefit of a portfolio company as permitted by 13 CFR §107.820 or committed to be invested in portfolio companies (in the case of a tranching investment or an investment in a fund). For the avoidance of doubt, Invested Capital shall include any capital invested or committed to be invested in a portfolio company, regardless of whether that company remains in the Fund's portfolio and regardless of any write-downs or write-offs subsequent to the initial investment or commitment.
- (b) Acknowledgement of Significance of SBICCT Designation. The Fund acknowledges that its status as an SBIC licensed under the SBICCT Initiative (as opposed to an SBIC not licensed under the SBICCT Initiative) is a material consideration in the underwriting for SBIC licensure and, further, that any revocation of the Fund's status as an SBIC licensed under the SBICCT Initiative may adversely affect the Fund's ability to draw Leverage from SBA and/or adversely impact the Fund's determination of qualified management under 13 CFR §107.130.
- (c) Adversarial Capital and Foreign Ownership, Control, and/or Influence (“FOCI”) Risk Assessment and Form 1030, SBIC Critical Technologies Risk Assessment Supplemental Information.

- (i) Reporting for Risk Assessment. The Fund shall complete and submit to SBA an updated SBA Form 1030 Risk Assessment Supplemental Information, in the form attached hereto as Exhibit A before the date that is 45 days following the end of each fiscal quarter, provided such Form 1030 Risk Assessment Supplemental Information shall be filed within 90 calendar days following the end of each fiscal year of the Fund;
 - (ii) Reinvestor SBICs. In the event the Fund is a Reinvestor, this Section 3(c) shall apply as follows:
 - A. The Fund shall complete and submit to SBA an updated Form 1030 Risk Assessment Supplemental Information before the date that is 45 calendar days following the end of each quarter provided such updated Form 1030 Risk Assessment Supplemental Information shall be filed within 120 calendar days of the end of each fiscal year of the Fund.
 - B. The requirement to submit all such Forms 1030 Risk Assessment Supplemental Information set forth in this Section 3(c) shall apply both to the direct invest portion of the Fund's portfolio and the "fund-of-funds" portion of the portfolio including the portfolio companies of the underlying funds.
 - (iii) Consequences of Failing to Report. In the event that the Fund is unable to provide a completed Form 1030 Risk Assessment Supplemental Information with respect to any portfolio investment, [including, for Reinvestor Funds, with respect to the fund-of-funds portion of the Reinvestor Fund's portfolio], in addition to any other additional remedies or actions, SBA shall have the right, but not the obligation, in consultation with OSC, to cease with respect to the Fund the provision of any and/or all Program Related Initiatives (as such term is defined in the IPS.)
 - (iv) Risk Assessment Ongoing. OSC and SBA's assessment relative to risk of influence and/or control by or from an Adversary Entity, through the review of Form 1030 Risk Assessment Supplemental Information and by other means, shall be considered ongoing and continuous, throughout the period of Fund licensure. OSC and SBA may, at any time, revise or change their collective assessment based upon changing geopolitical circumstances, updated threat assessments, or additional information which may at any time become available
- (d) Acknowledgement of Recent Events and Key Initiatives Disclosure Applied to the SBICCT Initiative. The Fund agrees and acknowledges that in addition to (and not in substitution for) SBA's instructions to Form 468, the

requirement to provide a description of “Recent Events and Key Initiatives” in each Form 468 report is to include descriptions of the following additional milestones related to critical technology (“CT”) related portfolio companies, to the extent that the Fund is able to obtain such descriptions using commercially reasonable efforts and by a means within the Fund’s discretion:

- (i) any contractual milestones achieved by your portfolio companies during this reporting period. (e.g., significant contract awards, SBIR awards, grants, and relevant audits);
- (ii) operational milestones achieved by your portfolio companies during this reporting period. (e.g., new facility openings, test flights, product launches, product breakthroughs, achievement of quality and operational standards, successful factory acceptance test, successful site acceptance test, and achievement of low-rate initial production); and
- (iii) any significant research and development milestones (e.g., university engagements, patent filings and awards, and new product development efforts).

For purposes of clarification, “commercially reasonable efforts” set forth above does not require the Fund to obtain a written covenant from its portfolio companies relating to these requirements; however, nothing set forth herein prevents the Fund from obtaining such reporting covenants from its portfolio companies should the Fund determine that it would not create any adverse effects on the Fund to do so.

(e) Form 1032, SBIC Critical Technologies Supplemental Questionnaire for DoD.

- (i) Portfolio Company Reporting. As evidence of the commitments of the Fund and the General Partner set forth in Section 3(a) above, the Fund shall complete and submit to SBA a Form 1032 SBIC Critical Technologies Supplemental Questionnaire in the form attached hereto as Exhibit B at the same time the Fund is required to submit SBA Form 1031 Portfolio Financing Report relating to each portfolio investment as set forth in 13 CFR §107.640, or applicable successor regulation.
- (ii) Reinvestor SBICCTs. In the event the Fund is a Reinvestor SBICCT, this Section 3(e) shall apply both to the direct invest portion of the Fund’s portfolio and the “fund-of-funds” portion of the portfolio; provided, however, that the Form 1032 SBIC Critical Technologies Supplemental Questionnaire that are required to be provided with

respect to the underlying portfolio companies of the “fund-of-funds” portion of the portfolio shall be filed at the same time as the Form 468 filings of such Licensee.

- (iii) Consequences of Failing to Report. In the event that Fund is unable to provide a completed Form 1031 and/or Form 1032 SBIC Critical Technologies Supplemental Questionnaire with respect to any portfolio investment [including for Reinvestors with respect to its fund-of-funds portion of the portfolio], in addition to any other additional remedies or actions, SBA shall have the right, but not the obligation, in consultation with OSC, (A) to cease with respect to the Fund the provision of any and/or all Program Related Initiatives and (B) to deem that such investment shall not be counted towards the 60% Threshold.
- (f) Commitment to Reduce Unacceptable Foreign Influence and Control. The Fund, General Partner and each Principal hereby commit to use commercially reasonable efforts to invest, consistent with their fiduciary duties and investment approach, in components, capabilities and technologies that will enhance United States national and economic security and to take reasonable steps to reduce unacceptable influence and control of our nation’s adversaries which includes, among others, the following commitments:
 - (i) To use commercially reasonable efforts to work with each portfolio company of the Fund to promote such portfolio company’s taking affirmative steps to protect against cyber-attacks, including threats like ransomware and other nation-state sponsored attacks;
 - (ii) To use commercially reasonable efforts to work with each portfolio company of the Fund to promote its building and/or utilizing safe software and hardware and its taking affirmative steps to identify and mitigate risk;
 - (iii) To use commercially reasonable efforts to work with each portfolio company of the Fund to promote its taking affirmative steps to identify and mitigate risks in its supply chains;
 - (iv) To use commercially reasonable efforts to require in the Fund’s investment documentation with each portfolio company that such portfolio company of the Fund follow U.S. sanctions and relevant regulatory requirements, including not selling or sharing sensitive technology with any “**Adversary Entity**” which is defined herein to include (A) any “foreign adversar[y] of the United States,” as defined in 15 CFR § 791.4. or as specified by the Secretary of Commerce pursuant to paragraph (b) of such section, and (B) any person subject to the direction and/or control of such adversary;

- (v) To use commercially reasonable efforts to conduct reasonable and appropriate due diligence on each prospective co-investor and to seek to avoid, if practicable, making co-investments with investors subject to the direction and/or control of any Adversary Entity and/or take steps to mitigate any risk associated with these types of co-investments;
 - (vi) To use commercially reasonable efforts and to the extent reasonably within the Fund's control or purview, to conduct reasonable and appropriate due diligence on each person who, as a consequence of the Fund's divestment or planned divestment from any portfolio company investment, obtains or may obtain access to a sensitive technology, and to use commercially reasonable efforts to the extent reasonably within the Fund's control or purview to take steps that are consistent with their fiduciary duties and investment approach, to prevent any person who is or who may be an Adversary Entity from obtaining access to such technology; and
 - (vii) To provide reasonable cooperation with agencies of the U.S. Government relative to the identification and investigation of attempts, by any Adversary Entity, to obtain access to sensitive technology(ies), and the prosecution of any person who has engaged in, aided, or abetted such attempts.
- (g) Commercially Reasonable Efforts for Portfolio Company Compliance. As evidence of the commitments of the Fund and General Partner set forth in Section 3(f) above, the Fund and General Partner hereby agree to use commercially reasonable efforts to promote best practices by the portfolio companies of the Fund to protect such portfolio company's competitive advantage which includes the protection of intellectual property, trade secrets, and proprietary information and the prevention of the release, manipulation and exploitation of such intellectual property, trade secrets and proprietary information from Adversary Entities. This covenant shall be deemed met where such commitments to best practices are reflected in relevant definitive agreement provisions, through ongoing board oversight, through the implementation of comprehensive relevant policies and procedures at the portfolio company or as otherwise demonstrated to SBA, as determined by SBA in its sole discretion. For purposes of clarification, this Section 3(g) does not apply to the underlying portfolio companies of investment funds receiving investments from Reinvestor Funds.
- (h) Threat Awareness and Mitigation Training Class. As evidence of the commitments of the Fund set forth herein, the Fund hereby agree that the Principals of the Fund and all employees of the Investment Adviser/Manager will attend a virtual Threat Awareness and Mitigation Training provided by SBA and OSC ("**Threat Awareness and Mitigation Training**") within twelve (12) months of the effective date of this

Agreement and annually thereafter during the term of the SBIC License and that the Fund shall encourage the employees of each portfolio company of the Fund to attend the Threat Awareness and Mitigation Training on an annual basis. For purposes of clarification, this Section 3(h) does not apply to the underlying portfolio companies of investment funds receiving investments from Reinvestor Funds.

- (i) Fund Closings and Admission of Limited Partners. In addition to, and not in substitution of any requirements set forth in the Act, Regulations, or SBA's SOP 10.10.01, as amended or any successor SOP relating to the SBIC Program (collectively, the "**SBIC SOPs**") applicable to the Fund's changes in ownership, control, and/or capitalization, the Fund agrees and acknowledges that prior to consummating any transaction or accepting any subscription that would result in any additional capital commitment to the Fund made by a new or an existing limited partner investor (each a "**Limited Partner**"), the Fund must:
 - (i) Submit to SBA an updated Form 1030 Risk Assessment Supplemental Information that sets forth and identifies the transferee or additional entities or persons, as the case may be; and
 - (ii) Receive from SBA a written acknowledgement that (i) SBA has received the Form 1030 Risk Assessment Supplemental Information **and** (ii) SBA has not received written notice from OSC that upon review of the Form 1030 Risk Assessment Supplemental Information submitted by the Fund, there is unacceptable risk of influence and control from an Adversary Entity.

For purposes of clarification, the obligations set forth above are applicable regardless of whether such transaction involves more than 10% of the Fund's capital. Further the Fund's receipt of written acknowledgment from SBA does not constitute SBA's approval under 107.400, 107.410, or 107.680, nor does it constitute OSC approval of any Limited Partner. The risk assessments performed by OSC with respect to the risk of influence and/or control by or from an Adversary Entity are ongoing and will continue for so long as the Fund is licensed.

- (j) Limited Partner Ownership Transfers. In addition to, and not in substitution for, any requirements set forth in the Act, Regulations, or SBIC SOPs applicable Limited Partner to the Fund's changes in ownership, control, and/or capitalization, the Fund agrees and acknowledges that prior to any transaction that would result in one or more Limited Partners of the Fund no longer owning the ownership interests in the Fund as were reported to SBA as of the License Issuance Date or upon any subsequent fund closing and corresponding submission of a Capital Certificate and Form 1030 Risk Assessment Supplemental Information (as described in Section 3(i) above), the Fund must:

- (i) Submit to SBA an updated Form 1030 Risk Assessment Supplemental Information that sets forth and identifies the transferee or additional entities or persons, as the case may be; and
- (ii) Receive from SBA a written acknowledgement that it has received the Form 1030 Risk Assessment Supplemental Information and that SBA has not received written notice from OSC that upon review of the Form 1030 Risk Assessment Supplemental Information there is unacceptable risk of influence and/or control from an Adversary Entity.

For purposes of clarification, the obligations set forth above are applicable regardless of whether such transaction involves more than 10% of the Fund's capital. Further the Fund's receipt of written acknowledgment from SBA does not constitute SBA's approval under 107.400, 107.410, or 107.680, nor does it constitute OSC approval of any Limited Partner. The risk assessments performed by OSC with respect to the risk of influence and control by or from an Adversary Entity are ongoing and will continue for so long as the Fund is licensed.

- (k) GP Stakes Transfer; Additional or Replacement Principals; Changes in General Partner Economics. In addition to, and not in substitution for, any requirements set forth in the Act, Regulations, or SBIC SOPs relating to changes in management, ownership structure, obligations to make capital contributions or division of carried interest in the General Partner of the Fund, the Fund agrees and acknowledges that any transaction which would result in either (i) one or more persons or entities no longer owning the ownership interests in the General Partner as were owned on the License Issuance Date, (ii) any additional person(s) or entity(ies) not previously reported to SBA taking ownership in the General Partner or becoming a Principal of the Fund, (iii) any change in any of the designated officers, managing members, board members or other governing persons of the General Partner, as the case may be, or (iv) any change to the obligations to make capital contributions to the General Partner or receive carried interest distributions of the General Partner than as reported to SBA on the License Issuance Date, the Fund must do the following:

- (i) Submit to SBA an updated Form 1030 Risk Assessment Supplemental Information that sets forth and identifies the transferee or additional entities or persons, as the case may be; and
- (ii) Receive from SBA a written acknowledgement that it has received the Form 1030 Risk Assessment Supplemental Information and that SBA has not received written notice from OSC that upon review of the Form 1030 Risk Assessment Supplemental Information there is unacceptable risk of influence and control from an Adversary Entity.

For purposes of clarification, the obligations set forth above are applicable regardless of whether such transaction involves more than 25% of the General Partner's capital. Further the Fund's receipt of written acknowledgment from SBA does not constitute SBA's approval under 107.400, 107.410, or 107.680, nor does it constitute OSC approval of any entity or person related to the General Partner of the Fund. The risk assessments performed by OSC with respect to the risk of influence and/or control by or from an Adversary Entity are ongoing and will continue for so long as the Fund is licensed.

- (l) Investment Adviser/Manager Stakes Transfer or Change in Ownership. In addition to, and not in substitution for, any requirements set forth in the Act, Regulations, or SBIC SOPs relating to the SBIC Program, the Fund agrees and acknowledges that any transaction which would result in either (i) one or more persons or entities no longer owning the ownership interests in the Investment Adviser/Manager as were owned on the License Issuance Date or (ii) any additional person(s) or entity(ies) not previously reported to SBA taking ownership in the Investment Adviser/Manager the Fund must do the following:
- (i) Submit to SBA an updated Risk Assessment Spreadsheet that sets forth and identifies the transferee or additional entities, as the case may be; and
 - (ii) Receive from SBA a written acknowledgement that it has received the Form 1030 Risk Assessment Spreadsheet and that SBA has not received written notice from OSC that upon review of the Form 1030 Risk Assessment Spreadsheet there is unacceptable risk of influence and control from an Adversary Entity.

For purposes of clarification, the obligations set forth above are applicable regardless of whether such transaction involves more than 25% of the General Partner's capital. Further the Fund's receipt of written acknowledgment from SBA does not constitute SBA's approval under 107.400, 107.410, or 107.680, nor does it constitute OSC approval of any entity or person related to the Investment Adviser/Manager of the Fund. The risk assessments performed by OSC with respect to the risk of influence and/or control by or from an Adversary Entity are ongoing and will continue for so long as the Fund is licensed.

- (m) Application of Above Covenants to Non-Leveraged Funds. Notwithstanding anything set forth in the Act, Regulations, or SBIC SOPs, in the event that the Fund operates as a Non-leveraged Fund (either because the Fund is licensed as a Non-leveraged Fund or because the Fund has no outstanding Leverage and has certified to SBA that the Fund shall not seek any additional Leverage), as a condition to participation in the SBICCT Initiative, the Fund agrees that the Fund shall complete and file (i) a Form

468 (Quarterly and Annual Report) and Form 1030 (Risk Assessment Supplemental Information) on a quarterly and annual basis, as the case may be, and (ii) Form 1032 SBIC Critical Technologies Supplemental Questionnaire in connection with any portfolio investment, each in accordance with the same deadlines as a levered SBIC.

Section 4. **Events of Default.** The occurrence of one or more of the events listed below, as reasonably determined in SBA's sole discretion, shall constitute an event of default (an "**Event of Default**") under this Agreement and under 13 C.F.R. § 107.1810(f)(7) with respect to the applicable license of the Fund:

- (a) **Breach of Covenants.** Failure by the Fund or the General Partner to comply with any affirmative covenant contained in Section 3 of this Agreement with respect to the Fund, as reasonably determined by SBA in its sole discretion and such failure is not cured within fifteen (15) days after the Fund's receipt of written notice from SBA of such failure; and
- (b) **Breach of Agreement.** Failure by the Fund or General Partner to perform any other material term, condition or covenant of this Agreement and such failure is not cured within fifteen (15) days after the Fund's receipt of written notice from SBA of such failure.

Section 5. **Remedies for Events of Default.** In the event of any Event of Default by the Fund and at any time thereafter, SBA may, at its election, choose to pursue any one or more of the following remedies:

- (a) **Suspension of Leverage Access.** Upon notice or the occurrence of any Event of Default, suspension of draw rights against any open Leverage Commitment, pending resolution of such Event of Default to SBA's satisfaction;
- (b) **Revocation of Leverage Commitment.** Upon the occurrence of any Event of Default, provide notice in writing to the Fund that one or more currently open Leverage Commitments have been suspended or revoked, pending resolution of such Event of Default to SBA's satisfaction;
- (c) **Revocation of CT Certification.** Upon the occurrence of any Event of Default and upon 15 days' written notice to the Fund (a "**CT Decertification Notice**") revoke the Fund's status as a licensed fund under the SBICCT Initiative;
- (d) **Remedy Violation; Specific Performance.** Require the Fund and/or General Partner, as the case may be, to take all necessary actions to remedy such violation; and
- (e) **Other Remedies Available at Law or Pursuant to Agreement.** Exercise any other rights and remedies against the Fund that are available to SBA under this Agreement or pursuant to the Act or Regulations, at law or in equity,

including (without limitation) any remedy available under 13 C.F.R. § 107.1810(g).

Section 6. **Reservation of Rights.** Nothing contained in this Agreement shall limit or constitute a waiver by SBA of any statutory or regulatory rights to which it may be entitled with respect to the Fund resulting from any other violations, past or present, of the Act and Regulations on the part of the Fund.

Section 7. **Miscellaneous.**

(a) All notices, requests and other communications pursuant to this Agreement must be in writing and transmitted by one of the following: (i) hand delivery; (ii) email, with the original thereof being sent within a reasonable time thereafter by regular mail; (iii) certified mail return receipt requested; or (iv) overnight courier service. A notice is deemed to have been received (x) if by hand delivery, overnight courier service, or certified mail, as of the day of delivery of the notice to the addressee; or (y) if by email, as of the first business day following the day on which the electronic notice is received by the addressee;

(b) All notices as described above shall be addressed as follows:

(i) If to SBA:
Office of Investment and Innovation
Attn.: [REDACTED]
409 Third Street SW, 6th Floor
Washington, DC 20416
Email: [REDACTED]@sba.gov

(ii) If to the Fund and General Partner:

[TO BE INSERTED]

Or such other address as the receiving party shall have designated in a written notice to the other sent in accordance with this section.

(c) The rights and obligations of the Fund and General Partner under this Agreement shall not be assignable without the prior written consent of SBA.

(d) **THE FUND AND THE GENERAL PARTNER HEREBY WAIVE TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THE AGREEMENT.**

(e) If any provision of the Agreement is declared invalid, such action shall not invalidate any other provision of the Agreement, which shall remain in full force and effect.

- (f) **THIS AGREEMENT EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT, BUT WITHOUT AFFECTING IN ANY WAY THE FUND'S OR GENERAL PARTNER'S OTHER CONTINUING OBLIGATIONS OWED TO SBA UNDER THE ACT AND REGULATIONS AS AN SBIC, INCLUDING, WITHOUT LIMITATION, ANY PAYMENT OBLIGATION OWED UNDER ANY DEBENTURE GUARANTEED BY SBA. THIS AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL STATEMENTS OR ALLEGED ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS, ORAL PROMISES OR OTHER ORAL INDUCEMENTS OF ANY KIND BETWEEN THE PARTIES.**
- (g) Each of the persons and parties signing below acknowledge and agree that he/she/it has read and understands the Agreement in its entirety; has consulted with an attorney; and has not been induced by any representation or promise not contained within the Agreement as executed.
- (h) The duties and obligations of the Fund and the General Partner under Section 3(f) (Commitment to Reduce Unacceptable Foreign Influence and Control) and Section 3(g) (Commercially Reasonable Efforts for Portfolio Company Compliance) shall not terminate and shall survive the revocation and/or surrender of the Fund's SBIC license unless SBA provides its written consent to such termination.
- (i) The "whereas" clauses are incorporated and deemed to be part of this Agreement;
- (j) All of the language in this Agreement is mutually agreed upon and the parties to it bear mutual responsibility for all of the language and any potential ambiguity.
- (k) This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document. Signatures delivered by PDF shall be deemed effective delivery of originals for all purposes.
- (l) Amendments to this Agreement shall not be effective unless executed by all parties hereto.
- (m) This Agreement shall be construed under and governed by federal law.

[Signatures begin on next page]

INTENDING TO BE BOUND, the parties have caused this Agreement to be duly executed effective on the date first written above.

FUND:

U.S. SMALL BUSINESS ADMINISTRATION

[INSERT NAME OF FUND], L.P.

By: _____

By: _____,
its General Partner

Name: _____

Title: Director, Patient Capital Investments

By: _____

Name:

Title:

GENERAL PARTNER:

**[INSERT NAME OF GENERAL
PARTNER]**

By: _____

Name:

Title:

EXHIBITS

EXHIBIT A FORM 1030, RISK ASSESSMENT SUPPLEMENTAL INFORMATION

EXHIBIT B FORM 1032, SBIC CRITICAL TECHNOLOGIES SUPPLEMENTAL
QUESTIONNAIRE

EXHIBIT A

FORM 1030, SBIC CRITICAL TECHNOLOGIES RISK ASSESSMENT
SUPPLEMENTAL INFORMATION

This Risk Assessment Supplemental Information is intended to capture all of the persons and entities associated with the Applicant's (and subsequently the Licensee's) General Partner, Management Company, Limited Partners, and third party service providers so that U.S. Government departments, agencies, and its contractors may conduct a risk assessment on any possible foreign ownership, influence, and control.

please highlight new rows each time the spreadsheet is updated and please strikethrough the names of those persons/entities that are no longer applicable.

Please include as many of the following identifiers as you can reasonably provide.

For Persons:

Their LinkedIn URL (If you cannot provide this, please provide 2-3 of the other identifiers.)

Their current employer

Their company email (Please note that gmail, yahoo, or other general service emails are not considered an identifier.)

Their home address

For Entities:

The ultimate beneficial owner (If this information is not readily available, please provide any ownership information that is known.)

The person who has control or domain over the entity (or persons, as the case may be)

The governing documents of the entity (the trust agreement, the LLC Operating Agreement, etc.)

The names of the senior management team, managers, managing members

As of Date: _____

Please provide the information requested in the table below. To the extent there are more answers than available rows for one or more categories, please add rows to the table.

- [illegible]

- [illegible]

3. To the extent not listed above, please list below all persons who may act "on behalf of" any of the Fund/Applicant, Management Company, General Partner, Parent Fund, or Parallel Fund.

[illegible]

4. To the extent not listed above, any IT professionals, third party administrators, outsourced persons with "administrator permissions" for your software/hardware or data. In addition, please list any law firms, accounting firms, placement agents, or consultants you are currently employing or any firm that will be compensated for assisting you in any manner to obtain an SBIC or CTLP license, and/or you expect will be assisting you at any time during the life of the fund. If a person, group or entity has made any contributions (whether financial or non-financial) that entitle it or them to any type of equity or economic participation in the SBIC or CTLP, very briefly describe the nature of such contribution.

[illegible]

5. The legal names of each of the Management Company, the General Partner, the Fund/Applicant, the Parent Fund (if applicable) and any Parallel Funds (if applicable)

[illegible]

6. The names of all current and projected (soft circled) limited partners and for each such limited partner, please list the person who serves as the point of contact for such limited partner in the next row.

[illegible]

7. To the extent not listed above, any persons or entities receiving salary/deferred compensation or carry/profits interests from any of the Management Company, the General Partner or the Fund/Applicant

[illegible]

8. Portfolio Companies of the Fund, the Parent Fund and (to the extent different) any Parallel Fund

[illegible]

9. Any other person(s) or entity(ies) with access to sensitive information of the Fund or its Portfolio Companies.

[illegible]

10. Please include in the subsequent Sheets, the current capitalization chart of each Portfolio Company listed in Question 8 above. To the extent there are additional portfolio companies, please add additional Sheets in the same format.

[Insert Portfolio Company Name]

As of Date:

Instructions:

Please provide the Capitalization Chart for the Portfolio Company listed above

[illegible]

As of Date: _____

Please provide the Capitalization Chart for the Portfolio Company listed above

[illegible]

As of Date: _____

Please provide the Capitalization Chart for the Portfolio Company listed above

[illegible]

As of Date: _____

Instructions:

Please provide the Capitalization Chart for the Portfolio Company listed above

[illegible]

EXHIBIT B
FORM 1032, SBIC CRITICAL TECHNOLOGIES SUPPLEMENTAL
QUESTIONNAIRE

In connection and simultaneously with the filing of each required SBA Form 1031 Portfolio Financing Report, and in accordance with the requirements and procedures set forth in the SBIC SOPs, please complete and file with SBA the following questionnaire:

1. Please describe in more detail the proposed critical technology or enabling technology, component or production process (as defined and described in the Investment Policy Statement currently in effect) that is the focus of this portfolio company:
2. Please describe the addressable market of the proposed critical technology or enabling technology, component or production process:
3. Please describe the application(s) of the proposed critical technology or enabling technology proposed critical technology or enabling technology, component or production process (include both government/military and commercial applications, as applicable):
4. Please describe any applicable intellectual property for the proposed critical technology or enabling technology, component or production process (both existing and anticipated):
5. Please describe your “investment thesis” with respect to this investment and your value proposition relating to this portfolio company. Include in your answer, to the extent available (i) projections/plans regarding future proposed critical technology or enabling technology component or production process that may be incorporated or acquired by this portfolio company and (ii) how the products of the portfolio company will make its product or service faster, cheaper, stronger or more effective, as applicable.
6. Please provide the names and brief biographies of the management team of the portfolio company: