Danish Enterprise and
Construction Authority's
Division for Research and
Analysis

An ICE Study of Risk Capital Policies in Six Countries - Synopsis Report

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Final

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Introduction

With the aim to improve the understanding of governmental intervention in risk capital markets, the *International Consortium on Entrepreneurship* (ICE) initiated the Risk Capital Policy and Data Project in 2007. This project sets out to compare risk capital policies and data across six ICE countries including Canada, Denmark, Finland, the Netherlands, Norway and the U.S.

Project Design – a Policy and Data Track

The ICE risk capital project is organised around a policy and data track. The policy track has been managed by Danish FORA and aims at exploring the risk capital policies implemented throughout the ICE countries. Country studies have been conducted by FORA (Denmark and the Netherlands) and consultants (Canada, Finland and Norway). Finally, the USA study has been completed in collaboration between FORA and the US Department of Commerce.

The data track has been managed by the Entrepreneurship Indicator Project (EIP) within the OECD. It aims at mapping and comparing existing data and definitions of risk capital terms across countries. As a result, an overview of existing risk capital definitions comparing similarities and differences will be provided including stages, investor types, etc.

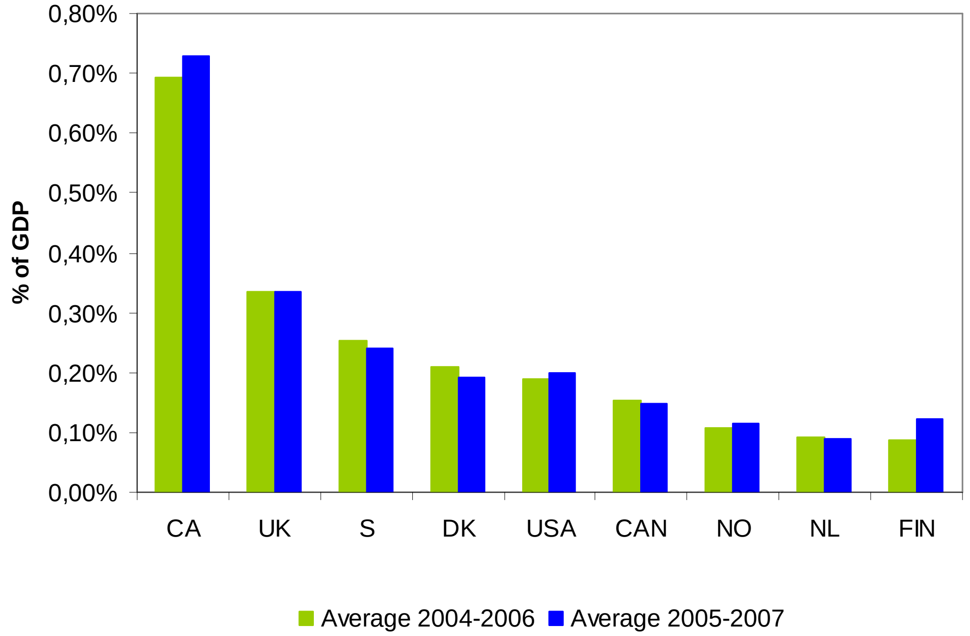
Use and Beneficiaries

The risk capital policy project is a purely policymaker-driven project. Thus, the main objective with the synopsis report is to provide policymakers with a better insight to the risk capital policies applied across various countries (the ICE countries). By doing so, it also aims at better understanding both the demand for and supply of risk capital. While the report does not provide an evaluation of the applied policies, it does provide some general thoughts based on observations including issues such as when government could intervene in the market and how some public intervention could play a role in enhancing access to financing. The report does not provide industry with recommendations nor guidelines.

What is Risk Capital/Venture Capital?

Risk capital as a term is primarily used by governments indicating the level of risk associated with investment in young potential high-growth entrepreneurial firms. The ICE group of countries has decided to use the term Risk Capital (RC) when referring to private equity capital provided by investors to firms in pre-seed, seed, start-up and expansion stages and business angels (BA). It therefore includes investments by both formal and informal investors (OECD, 2008). When using the term venture capital (VC), BA investments are excluded.

Figure 1: Venture capital investments in selected countries



Source: VF, 2008.

Not surprisingly, venture capital (start-up, seed and expansion) investments vary between countries. UK and Sweden are two of the leading countries, when comparing venture capital investments to GDP (Figure 1). The USA is ranging in the middle with certain US states such as California as the absolute leader. VC investment in the six ICE countries seem more at the same level, with Denmark and the USA in the lead with VC investment around 0.2% of GDP. Finland is catching up, while, the Netherlands has the lowest figure among the ICE countries in 2005-2007.

The Impact of Risk Capital on Firms

Risk capital plays a significant role for economic growth in the portfolio firms. Obviously, risk capital investors pick “the winners” when deciding on new portfolio firms. But still risk capital does seem to spur significant economic growth in venture backed-firms when comparing to non-backed firms.

According to European studies of risk capital and buyout activities, venture-backed companies created 1 million new jobs. This equals an annual growth in employment of 5.4%. Between 1997 and 2004, the average employment growth in buyout-financed companies was 2.4%, compared to 30.5% for venture-backed companies (EVCA, 2007).

In the U.S. venture-backed firms seem to outperform non-venture-backed firms in job creation and revenue growth. Employment in venture-backed companies increased 3.6%, while the overall national employment grew by just 1.4%, between 2003 and 2006. At the same time, venture-backed company sales grew by more than 11.8%, compared to an overall rise in U.S. firm sales of 6.5% during the same period (NVCA, 2007).

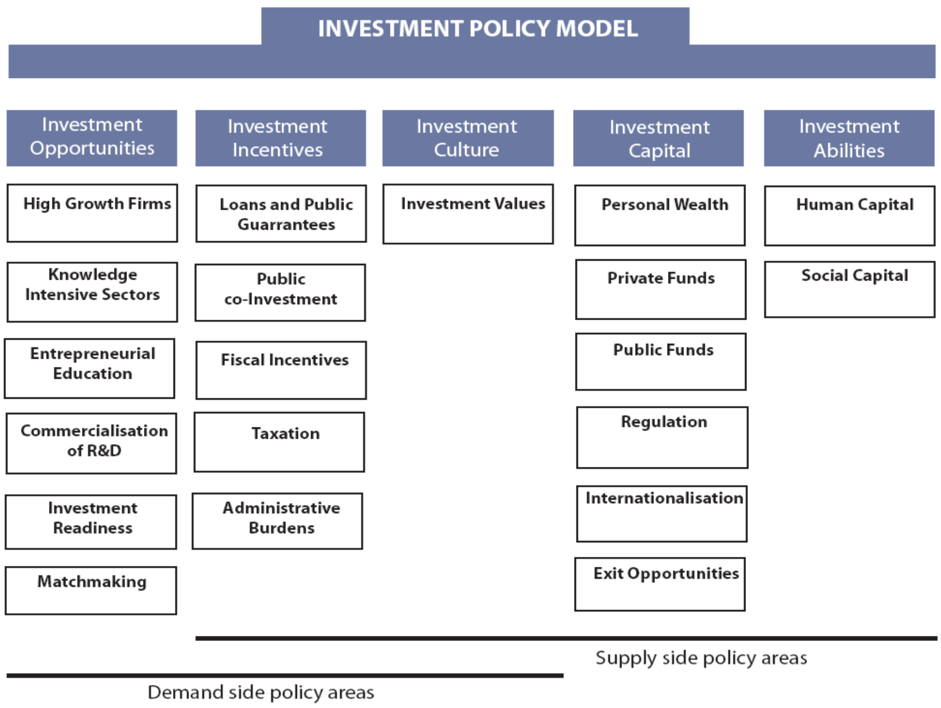
A Policy Framework

The Investment Policy Model

Prior to conducting the national policy mappings, the Investment Policy Model (IPM) was developed (Figure 2). The IPM is an attempt to organise and structure the different areas in which governments can intervene in order to strengthen the risk capital market. In addition, it shows that the policy options include options for both the supply (investors) and demand side (entrepreneurs).

The model ranges possible policy actions without providing a policy evaluation or recommendations about which policies should or should not be used. It is not a given that governments should play a role in some or all of the policy areas. Moreover, the model does not suggest that some policy areas more efficient than others.

Figure 2: The Investment Policy Model



Note: The IPM does not provide a complete overview of the total set of policy actions used to address the complete field of entrepreneurship. It focuses merely on the set of possible policy actions related to the development of risk capital activities.

Source: FORA 2006.

In the IPM, the five policy categories can be grouped into supply or demand side categories depending on their orientation towards a) the entrepreneurial firms (demand side) or b) investors (supply side). While some policy areas address either the firms or the investors, others can be used to target both sides (such as Investment Incentives and Culture). This allows for a better understanding of how much attention governments give to the demand and/or supply side.

According to the IPM, governments can target and influence the demand for and supply of risk capital through the following five policy categories:

1. Investment Opportunities
    - This policy category targets only the *demand side* of the model – the entrepreneurs requiring capital for their ventures.
    - It includes policy areas aiming at strengthening the demand for capital. This includes enhancing a firm's growth potential, knowledge insensitivity, commercialisation of R&D, entrepreneurial education, investment readiness of investment-seeking firms and strengthening matchmaking opportunities between entrepreneurs and investors. In this way, governments can fortify the demand side by making it more investment-ready and hence more attractive for investors.

2. Investment Incentives
    - This policy category can influence both the *demand and supply sides*.
    - The category represents the benefits as well as costs associated with making an investment. Areas that increase the average return on investments like public guarantee schemes and public co-investment schemes and fiscal initiatives represent the benefits. The costs are represented by taxation and administrative burdens. Both factors could reduce the return on a given investment and thereby reduce the incentives to invest.

3. Investment Culture
    - This policy category is related to a country's investment culture and tradition and is viewed as relevant for both the *demand and supply sides*.

- Government can enhance a certain investment culture through supporting investment campaigns and other awareness activities for entrepreneurial firms as well as investors.

4. Investment Capital
    - This policy category represents the actual *supply of risk capital*
    - It includes policy areas such as sources such as private individuals, public investors, private and institutional funds. Furthermore, informal and formal types of investors can supply the capital. This policy category includes the size of the available capital and the regulatory framework affecting the supply of capital. In addition, the capital can be raised among national and international investors. Governments can influence the size of available risk capital by providing incentives for certain investor types to engage in the market or by simply providing capital themselves. Finally, exit possibilities are also included as they represent a source of capital. Promising exit opportunities affect investor's willingness to provide capital in the first place.

5. Investment Abilities
    - The policy category refers to the *supply side's* human and social capital.
    - It includes policy areas such as investor background and access to investor related networks and associations. Governments can influence the investor's investment abilities through training, courses and diverse networking activities.

Based on the investment policy model, the ICE countries' RC policy priorities are compared by comparing which policy areas the governments have intervened through. Moreover, we use number of policy measures implemented in one policy area as an indicator for the policy prioritisation. The reason for using number of measures is that is has not been possible to have total costs for each policy measure in all countries. The number of policy measures should not used as more than an indication for the policy prioritisation.

Findings from the Data Track

Venture capital (VC) tends to be defined similarly by various industry organisations across countries and regions. However, the actual use of VC differs as some industry organisations include buyout investments in VC data collections. Hence, comparing VC activities for different countries is not always straightforward.

As regards private equity (PE), there is considerable confusion in the use of this term, particular when comparing U.S. practices with Europeans (EVCA) and Canadians (CVCA). Whereas in EVCA and CVCA terms, PE is understood as covering the whole range of investment from VC to buyout, the U.S. uses PE to explain as subset of investment equalling buyout in Europe and Canada. So, where the U.S. refers to PE, Europe and Canadians refer to buyout.

These differences often lead to confusion when analysing international data on risk capital. In addition, the lack of separation between the buyout and venture capital data in some regional and even national data sets, including the EVCA data, makes the use of this data even trickier.

Figure 3: Varying Definitions

<table>
<tr><td colspan="3"></td><td>NVCA
Private Equity
Definition</td></tr>
<tr><td colspan="4">EVCA and CVCA
Private Equity Definition</td></tr>
<tr><td colspan="3">EVCA, CVCA and NVCA
Venture Capital Definition</td><td></td></tr>
<tr><td colspan="3">ICE Risk Capital Definition</td><td></td></tr>
<tr><td>SEED</td><td>START-UP</td><td>EXPANSION</td><td>BUYOUT</td></tr>
</table>

Source: Based on conclusions from OECD 2008.

ICE has proposed to use the term Risk Capital (RC). However, the term “risk capital” appears to be more a policymaker term rather than market-used term.

Overall Policy Findings

In all the surveyed countries, governments have been active in fuelling the risk capital markets. The survey showed that governments are providing around 10% of all venture capital investment in the countries. In some countries, this number is even higher for certain segment such as start-up and seed financing. The type of actions various and the countries’ policy approaches has not necessarily been the same in all countries. But one thing is certain. The risk capital markets have not developed completely independently of the governments.

Moreover, in all the countries the governments continue to play a role in the market, even after 50 years of operation as in the USA. The federal government became active in developing the US market already in 1958 by introducing the SBIC programme. Similarly, in Finland the first public investment vehicle was created in 1967. And the public sector in both countries is still provides risk capital policy measures. In this context, some other countries’ public involvement seems still “young”.

The role of the state has therefore not diminished over time. It has changed according to the market development, but is has not disappeared.

Types of Public Intervention in Risk Capital Markets

As pointed out, it is possible to group the different types of government interventions into four categories of state intervention depending on how much the government intervenes directly in the market. The four categories are:

1. Facilitator of capital. This type of government involvement is the least involving of the four types. The state only facilitates capital without any direct involvement in the market. The USA applies this approach on federal government level though the SBIC programme and tax incentives.
2. Indirect Investment through Funds-of-funds. Together with private investors, the government provides capital to the market, often to certain market segments. Canada, Finland, Netherlands and Denmark apply this approach.
3. Investment Guarantee Schemes. The state provides market investors with an investment guarantee. This type of public intervention was originally designed by the Netherlands and introduced in the early 1990s through Europe, but phased out in most countries since. Lately the investment guarantee scheme has been re-introduced in the Netherlands to revitalise the venture segment.
4. Direct Investment. This is the most direct type of government intervention. The state sets up and public fund invests directly in companies as in Canada, Denmark and Finland. Many countries have more or less successfully implemented direct investment funds. Some countries have either decided to end their direct investment (Netherlands) funds or re-designed them to match the private market (Canada and Denmark).

The four categories range from purely facilitation to direct involvement and most countries apply one or two of the categories when intervening in risk capital markets. In most countries, the national policy setup can be described with elements from 1-2 of the involvement types.

Supply and Demand Side Policies

In all of the surveyed countries, governments have implemented policies directed towards both the supply of and demand for risk capital. However, the supply side has been getting far more attention. Governments have been focused on developing the risk capital markets by fuelling the supply of capital. Initially, the policy focus has been very much on providing public money or/and investors with investment guarantees and that way kick-started in the 1980s or 1990s.

The governments' focus on supply capital is not surprising. The markets obviously needed capital in order to function. In addition, it is also somewhat easier to provide quantity (capital) than it is to address demand side issues (quality). But evidently supplying capital is not enough. There is a need to equally address the demand side through accurately designed policy measures. This should be a policy priority for governments.

The demand side has only in recent years received more attention. Governments increasingly realise that without a well-developed demand side, a positive flow of risk capital will fail. But although countries have applied some demand side measures, the focus has been on research and development rather than on commercialisation. In addition, most of the demand side measures have focused on creating firms and not aimed at improving the actual investment readiness (management and business development) among firms. In fact, the policy thinking around strengthening the demand side/the firm by improving their investment readiness has not appeared until more recent years (relative to when the country initiated public polices in the risk capital market).

Policy Generations

Depending on the stage of the market, the governments have intervened with different policy instruments.

- Investment guarantee schemes have been used to provide private investors with down-side protections and worked as a measure to initially kick-start some markets.
- Public funds investing directly have been used alongside the investment guarantee schemes or introduced just after the guarantees as a way to ensure more capital to the market.
- Later more market oriented schemes have been introduced such as co-investment schemes. They have been applied in markets when the markets have reached certain activity levels.
- Privatisation of public funds or parts of public funds have been used when the private market seemed to have picked up completely and it was concluded that there was no more need for public intervention in that field or segment.

Country Specific Findings and Details

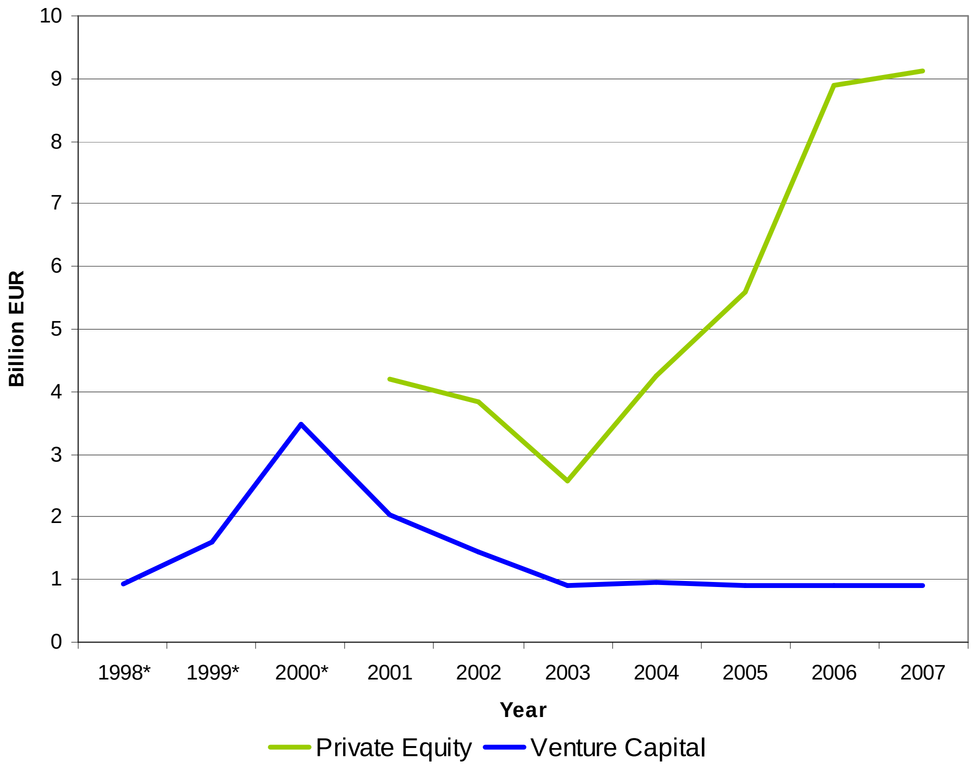
In the following, the national policies studies are described in brief. A more detailed listing of the national policy instruments is included in Appendix. In the case of Norway, the country study has nor been completed yet.

Canada

In Canada, the risk capital market experienced a period of strong growth during the second half of the 1990s. Several new risk capital funds entered the market, and the capital under management soared to over CAD 22 billion in 2002. However, the timing was not favourable. The turmoil in the international financial markets, following the investment bust in Internet and telecommunications sectors, negatively affected venture capital activity. Fund raised and the investment levels shrank drastically, almost back to the level in the mid-1990s.

In 2005-2007, venture investment was 0.15 of GDP. In 2007, €0.9 billion was invested in venture capital out of a total of €15.2 billion invested in private equity (Figure 4).

Figure 4: Private equity and venture investment, 1998-2007.



Source: CVCA (2008); VCReporter, Private Equity Canada, 2007; Thomson Financial, 2002 VC Industry Overview.

In the mid-1990s, the Canadian government intensified its involvement in the VC market. The Canadian government began to diversify the sources of venture funds by liberalizing rules for institutional and foreign investors, modifying tax incentives and introducing government equity funds. The government never applied investment guarantee schemes in its policy set-up.

Today the “Business Development Bank of Canada” (BDC) is the most important public player in the market. BDC operates a number of investment funds, which co-invest with the private market either through direct investment or F-o-F. in 2006, the BDC investment made 7% of the total invested venture capital. Of this, BDC invested 18.5% of the total seed investment and 24.9% of the start-up investment made in the market. Besides, the “labour Sponsored Venture Capital Corporations” (LSVCC) play a role in the market. The funds are private, but the public sector provides a tax credit for private individuals investing in the funds.

Table 1: Supply and demand side policy actions

Supply side policy actions	**Year**	**Demand side policy actins**	**Year**
LSVCC	1985	BDC Consultanting Services	1995
Business Development bank of Canada (BDC)	1995	Canada Community Investment Programme	1995
BDC Venture Capital Fund	1995	TSX Venture Exchange	2000
BDC Financing Services and Subordinate Financing	1995	Many other policy actions have been used to target the demand side throughout the years. The policy actions shown here are selected based on the risk capital focus.	
CEDQ-IDEA SME	1995		
Community Futures Development Corporations	1995		
Loan and Investment programme	1995		
Canada Community Investment Programme	1995		
Export Development Canada, EDC Equity	1998		

Canada Small Business Financing Programe	1999		
TSX Venture Exchange	2000		
Capital gains rollover for angels	2000		
Sustainable Develop-ment Technology Can-ada	2001		
FCC Ventures	2002		
Avrio Ventures	2006		

Source: ICE policy Mapping Canada, 2007.

In Canada, there has been a specific focus on increasing the supply of capital. At the same time, there have also been some demand side targeted instruments (Table 1).

Denmark
Denmark is well-positioned when comparing VC investment to GDP (Figure 1). Unlike the development in many other markets, a large bulk of the growth in Danish private equity investment has been caused by increased investment activities in the VC segment.

Figure 5: Private equity and venture investment, 1998-2007.

Source: Vækstfonden, 2008; ICE Policy mapping, 2007.

High investment in the risk capital segment has led to Denmark being positioned together with high-performance countries such as the UK and Sweden and the USA when comparing risk capital activities. In 2004-2006, Danish venture capital investors invested 0.19% of GDP.

There is no doubt that the Danish government has helped fuelling the risk capital market by acting as front runner in certain underinvested segment. The government started intervening in the market by 1988 by providing some public funds and investment guarantee schemes. The Danish government redesigned their investment strategy in 2001. An independent investment fund investing on market conditions was created based on the existing investment vehicle. In 2005, the Danish investment fund invested approximately 10% of the VC investment.

As a result, the market was pumped with risk capital allocated to commercial viable firms in the early-stage segment. In addition, co-investment with private sector investors became fundamental in the new policy set-up and a number of public private co-investment funds have been established.

Figure 7: Policy Priorities in Denmark, 2007

High Attention: Policy Areas with Minimum 3 Policy Instruments	Middle Attention: Policy Areas with 1-2 Policy Instruments	Low Attention: Policy Areas with 0 Policy Instruments
▪ Investment Readiness ▪ Public co-investment ▪ Public Funds	▪ High Growth Firms ▪ Knowledge Intensive Sectors ▪ Entrepreneurial Education ▪ Commercialisation of R&D ▪ Matchmaking ▪ Loans and public Guarantees ▪ Personal Wealth ▪ Private Funds ▪ Exit Opportunities	▪ Fiscal Incentives ▪ Administrative Burdens ▪ Investment Values ▪ Regulation ▪ Internationalisation ▪ Human Capital ▪ Social Capital ▪ Taxation

Source: ICE Policy Mapping 2007

Lately, there has been an intensified focus on improving the investment opportunities by strengthening the quality and investment readiness of entrepreneurs. Three investment readiness policy instruments are currently in place since 2006/2007. In addition, increasing the risk capital activities through public funds, direct and indirect, is of high priority (Figure 7). A number of different policy instruments exist in these areas since 2001 and later. They are all managed by Vaekstfonden.

Table 2: Supply and demand side policy actions in Denmark

Supply side policy actions	**Year**	**Demand side policy actins**	**Year**
Danish Development Financing	1988	Incubators	1998
Business Development Fund	1992	Proof-of- Business	2007
Pension funds	1994	Gazelle Growth	2007
Investment Guarantees	1994	Many other policy actions have been used to target the demand side throughout the years. The policy actions shown here are selected based on the risk capital focus.	
Tax scheme pension funds	2000		
Growth capital	2000		
Vækstkauktion	2000		
Growth Fund	2001		
Danish Business Angel Network	2001		
Warrant agreements	2003		
Danish Entrepreneurship Fund	2004		
Seed Capital Denmark	2005		
Investment of pension capital in unquoted stocks.	2005		
Get started loans	2005		
Administrative burdens	2005		
First North	2005		
Tax deduction on investment in unquoted stocks and reduction of	2005		

administrative burdens for pension funds.			
Need Driven Ventures	2006		
Partner Capital	2007		
Sunstone Capital	2007		

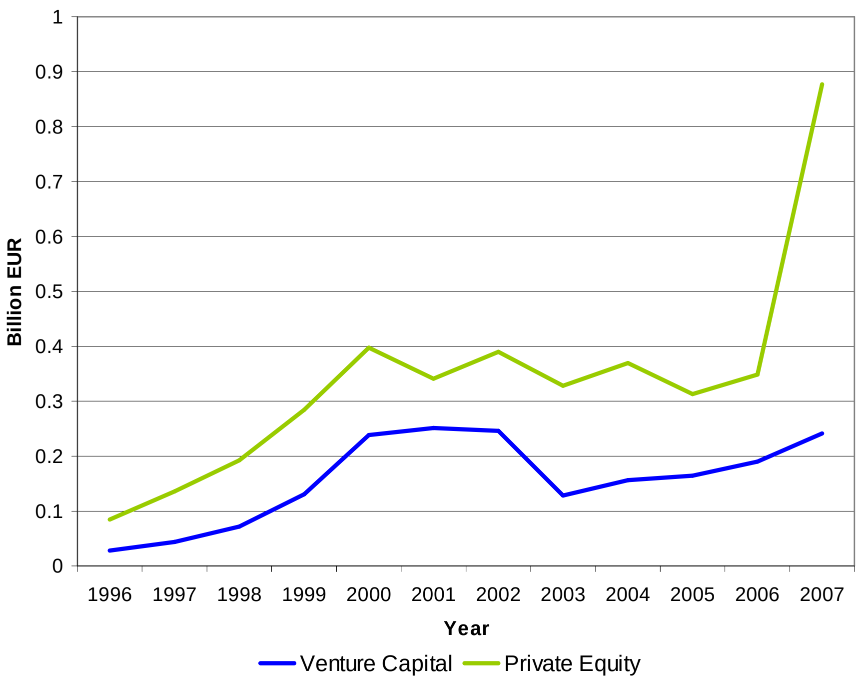
Source: ICE Policy Mapping Denmark, 2007.

Most of the Danish risk capital policy instruments have been addressing the supply side (Table 2).

Finland

The Finnish venture capital industry grew rapidly in the second half of the 1990s, a time period in which the ICT industry expanded dramatically. However, the 2000-2001 bursting of the dot.com bubble did some damage to the fledgling venture capital industry and affected the focus of investments activities (to later stages) and sources of funds (withdrawal of some institutional investors). In 2004-2006, the venture investments were less than 0.1% of GDP, which was the lowest of the ICE countries. However, investment increased the following years till 0.12% of GDP. Today, the VC investment is approximately €0.23 billion (Figure 8).

Figure 8: Private equity and venture investment, 1996-2007.



Source: FVCA 2008.

The access to finance for young innovative companies in Finland has improved significantly over the last decade. The government has been very proactive in initiating a range of policies to support risk capital on both the supply and demand side. They have also been very diligent in the evaluation and adjustment of these policies over time.

Starting in the 1967 with the creation of SITRA, the government focused on developing the venture industry by providing public funding. Later there was a focus on public co-investment through the development of various programs. Most recently, those programs have been consolidated and an additional focus is being put on tax and regulatory changes and cross-border schemes. In 2006, the public sector financed around 17% of the total PE activities in Finland.

Figure 9: Policy priorities in Finland, 2007

High Priority: Policy Areas with Minimum 3 Policy Instruments	**Middle Priority: Policy Areas with 1-2 Policy Instruments**	**Low Priority: Policy Areas with 0 Policy Instruments**
▪ Commercialisation of R&D ▪ Investment Readiness	▪ High Growth Firms ▪ Knowledge Intensive Sectors ▪ Entrepreneurial Education ▪ Matchmaking ▪ Loans and public guarantees *(partially discontinued)* ▪ Public co-Investment ▪ Fiscal Incentives ▪ Taxation ▪ Investment Values ▪ Personal Wealth ▪ Private Funds ▪ Public Funds ▪ Regulation ▪ Internationalisation	▪ Administrative Burdens ▪ Exit Opportunities ▪ Human Capital *(discontinued)* ▪ Social Capital

According to the Finnish policy mapping, two main policy areas have been highly prioritised by the government in the current set of policies targeting the risk capital market in Finland: Commercialization of R&D and Investment Readiness (Figure 9). Finland has not any policy measures in the policy areas administrative burdens, exit opportunities, human and social capital.

Table 3: Supply and demand side policy actions in Finland

Supply side policy actions	**Year**	**Demand side policy actins**	**Year**
Sitra	1967	Incubators	
Sponsor Oy	1967	INTRO	2004
Kehitysaluerahasto Oy/Finnvera	1971	LIKSA	2004
Tax incentive	1978	Many other policy actions have been used to target the demand side throughout the years. The policy actions shown here are selected based on the risk capital focus.	
Tekes	1983		
Finnish Industry Investment Ltd (investeringsfond)	1994		
Veraventure Ltd	2003		
Start-up Loans	2004		
Loans	2004		
Avera	2005		
Tax incentive for foreign investsors	2006		
Regulation on pension funds.	2007		
Sitra	1967		
Sponsor Oy	1967		
Kehitysaluerahasto Oy/Finnvera	1971		
Tax incentive	1978		
Tekes	1983		
Finnish Industry Investment Ltd (invester-	1994		

ingsfond)			
Veraventure Ltd	2003		
Start-up Loans	2004		
INTRO	2004		
LIKSA	2004		
Loans	2004		
Avera	2005		
Tax incentive for for-eign investsors	2006		
Regulation on pension funds.	2007		

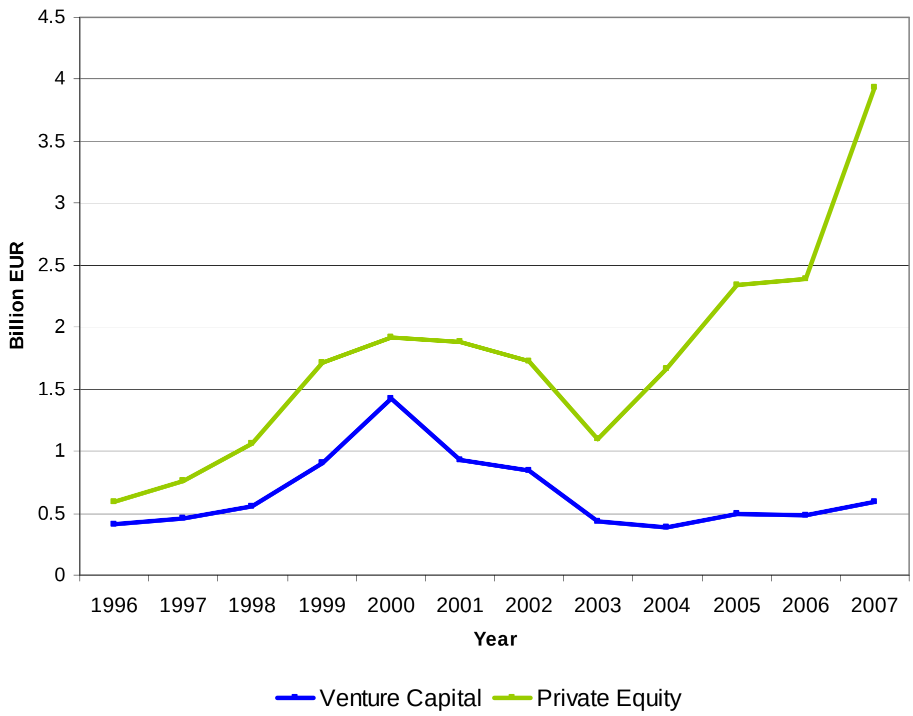
Source: ICE Policy Mapping Finland, 2007.

The public efforts within commercialisation and investment readiness are addressing some of the demand gaps, while many supply side oriented programs are also continuing (public co-investment) and there are plans to launch a new fund of funds (Table 3).

Netherlands

Since its departure in the early 1980s, the Dutch risk capital market has increased its investment activity tremendously amounting around €20 billion capital under management in 2006. The total private equity under management peaked in 2000. This was followed by a severe decrease due to the economic downturn. Hereafter, the market has caught up. Today the private equity market in the Netherlands is booming and still large when comparing invested private equity capital as % GDP with many other European countries.

Figure 10: Private equity and venture investment, 1996-2007.



Source: NVP, 2008.

However, while Dutch investors have increased their overall investment activities, they are gradually placing more of their capital with buyout firms. In other words, the Dutch investors have "moved up" leading to shrinking investment activity in the early-stage segment, which in turn could hamper the development of entrepreneurship in the Netherlands. This development started already in 1999 where the total amount of invested private equity grew while investment in early-stages decreased. This development has continued and left the market for early-stage financing vulnerable and shattered.

In 2005-2007, the Dutch investors invested 0.9% of GDP in venture investments. In 2007, the VC segment increased and €0.6 billion was invested in VC firms (Figure 10).

The Dutch government has provided investment measures since 1916, but more intensified since 1981, where investment guarantee schemes were introduced. These measures helped develop the market, and for a period the market seemed to direct capital to the early stages until the downturn in 2000. Responding to the declining early-stage or "risk capital" investment activities in the 2000s, the Dutch government has recently in 2004 introduced a number of new policy programmes in order to reassure more private investment in young, entrepreneurial and potential high-growth firms. By providing public guarantee schemes and co-investment programmes, the government aims at bridging the financing gaps by increasing the supply of early-stage capital. Much of the policy efforts have been concentrated around fuelling the supply of capital and redirecting the capital back to the earlier investment stages.

Table 11: Policy Priorities in the Netherlands, 2007

High Attention Areas: Policy Areas with Currently Minimum 3 Policy Instruments	**Middle Attention Areas: Policy Areas with 1-2 Policy Instruments**	**Lower Attention Areas: Policy Areas with 0 Policy Instruments**
• High Growth Firms • Investment Readiness • Loans and Public Guarantees	▪ Knowledge Intensive Sectors ▪ Entrepreneurial Education ▪ Commercialisation of R&D ▪ Matchmaking ▪ Public co-investment ▪ Taxation ▪ Investment Values ▪ Personal Wealth ▪ Private Funds ▪ Internationalisation ▪ Social Capital	• Fiscal Incentives • Administrative Burdens** • Public Funds • Regulation • Exit Opportunities • Human Capital

Source: ICE Policy Mapping 2007

The Dutch policy priorities are currently developing high growth firms, ensuring investment readiness among companies and providing loans and public guarantee schemes to investors (Figure 11).

Table 4: Supply and demand side policy actions in the Netherlands

Supply side policy actions	**Year**	**Demand side policy actins**	**Year**
Loan Scheme (BBMKB)	1916	Incubators	
Private Participation Guarantee Order Scheme, Invesment Guarantee Scheme	1981-1995	Syntens	2000
Tax Incentive (Tante Agaath)	1980'erne	SKE TechnoPartner	2004
Twinning	1990-1998	Many other policy actions have been used to target the demand side throughout the years. The policy actions shown here are selected based on the risk capital focus.	
TechnoPartner Seed	2004		
Technopartner Certifikat	2004		
Business Angel Program	2005		
Growth Facility	2005		
Challenger Credit	2006 - 2008		
Innovation Credit Scheme	2008		

Source: ICE Policy Mapping Netherlands, 2007.

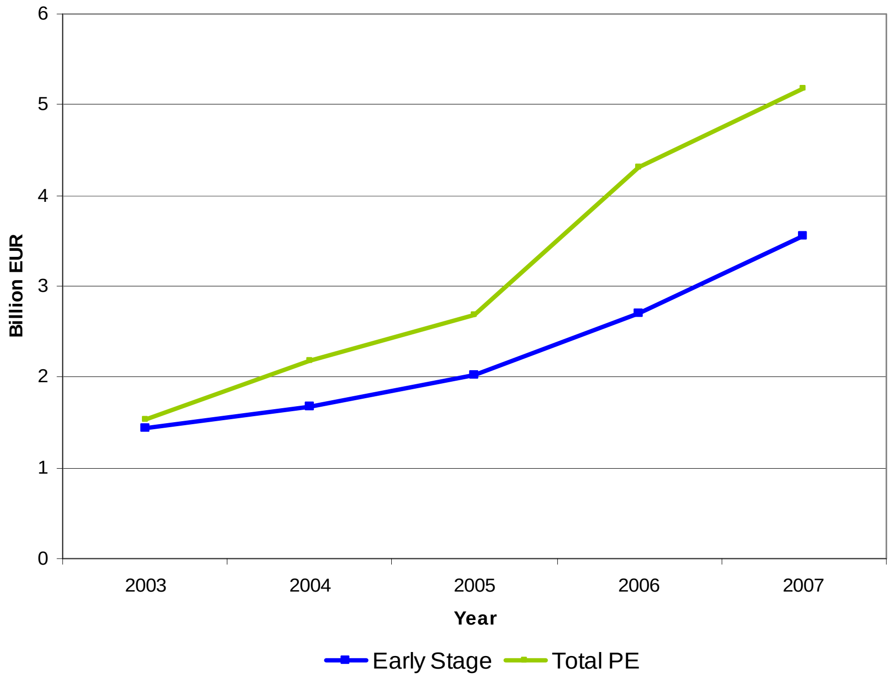
Most of the Dutch risk capital policy instruments have been addressing the supply of capital as in the other ICE countries (Table 4).

Norway

The state of venture capital in Norway is relatively healthy with a good set of players and a functioning eco-system. Norway has been "part of the Nordic success story". In the 1990's, many internet and VC companies were launched in Sweden, in Finland Nokia and other companies fueled the development to the ICT industry, Denmark has built a reputation for its life sciences expertise (Medicon Valley) and currently Norway is building a niche for its expertise in an emerging critical VC sector – energy.

From 2001-2003, following the dot.com boom, the VC market was depressed but then turned positive. The buyout market only started developing in 2002 but has grown rapidly over the past 5 years.

Figure 12: Private equity and venture investment, 2003-2007.



Source: Norwegian VCA, 2008.

The Norwegian policymakers have sought to fill market gaps at critical times of need, such as during the 2001-2003 period. The approach appears to have been one of intervention with a later retreat from the market again when it is deemed appropriate. Given the amount of funds at the government's disposal due to oil revenues, a number of the interventions have been quite large in size. Most have been supply side measures.

Figure 13: Policy priorities in Norway, 2007

<table>
<tr><td colspan="3">High Priority: Policy Areas with Minimum 3 Policy Instruments</td></tr>
<tr><td rowspan="3">▪ Knowledge Intensive Sectors</td><td colspan="2">Middle Priority: Policy Areas with 1-2 Policy Instruments</td></tr>
<tr><td rowspan="2">▪ High Growth Firms
▪ Entrepreneurial Education
▪ Commercialisation of R&D
▪ Investment Readiness
▪ Matchmaking
▪ Public co-Investment
▪ Fiscal Incentives
▪ Taxation
▪ Investment Values
▪ Personal Wealth
▪ Private Funds
▪ Public Funds
▪ Internationalisation
▪ Human capital</td><td>Low Priority: Policy Areas with 0 Policy Instruments</td></tr>
<tr><td>▪ Loans and public Guarantees (discontinued)
▪ Administrative Burdens
▪ Regulation
▪ Exit Opportunities
▪ Social Capital</td></tr>
</table>

In Norway, the Fund of Fund Argentum was started in 2001 at a time when there was a great need for support of the industry. They have capital of 2.5 billion NOK. In addition to providing funding which helped many private equity funds start and grow, Argentum has helped to professionalize the industry and to attract foreign investors. The organization has built up a good reputation in Europe for it expertise in the Nordic region. An Argentum investment is seen as a sign it is okay for others to invest. The fund operates in a commercial manner and is run by experienced private equity/business people. The results, both financial and non-financial, have been positive.

Plans are now underway for a new 2 billion NOK fund are underway but the approach and focus will be very different (Norway only, early to later stage only, regional focus). Given the fact that the market in Norway is functioning well, the implications of such a new large intervention on the market dynamics should be considered.

Like Finland, Denmark and other countries, the government has consolidated many players under one umbrella – Innovation Norway. It was created in 2003 through a consolidation of four organizations to provide a range of services including financing schemes for SMEs. As has been seen in other countries, one of the problems with the seed and pre-seed public funding schemes is that it is hard to attract follow-on funding from the private sector.

United States

The U.S. risk capital market is both the largest and oldest in the world. In the last 35 years, venture capitalists invested more than $441 billion in over 57,000 companies. The market peaked in the late 1990s and early 2000 with large sums of invested capital every year. The investment dropped dramatically in 2001 as the market was hit by a downturn. In 2007, €22.5 billion was invested in venture capital out of a total PE market of €563 billion (Figure 14). In the period 2004-2006, 2% of GDP was investe din VC.

Figure 14: Private equity and venture investment, 1996-2007.

Source: NVCA, 2008; Private Equity Council, 2008.

According to U.S. experts, the “single most common contemporary policy response” is based on the experience with the U.S. government’s Small Business Investment Company (SBIC) programme. Before SBICs, few knew what venture capital investing was and some claim that SBICs put venture capital into today’s national vocabulary.

The U.S. Small Business Investment Act of 1958 authorized the formation of SBICs as a hybrid scheme of venture capital and private funding for the purpose of investing in small firms of all types. An SBIC is a privately managed firm and acts as an intermediary between large investors and the small enterprises targeted by the scheme. The SBIC is designed as to provide new certified investment funds (SBICs) with leverage capital, which is obtained by selling treasury bonds on the public markets. These bonds are guaranteed by the federal state, and this guarantee is the only guarantee issued by the federal state in relation to the SBIC. It is important to underline that it is a zero-subsidy programme, with no cost to the federal state.

Over the years, the SBIC has been redesigned and improved. Through the SBIC programme, the public sector facilitates around 1/10 of the total market investment. In 2004, the SBIC programme provided 11.2% of all venture financing.

Figure 15: Policy priorities in the USA (federal state level), 2007

High Attention: Policy Areas with Minimum 3 Policies	**Middle Attention: Policy Areas with 1-2 Policies**	**Low Attention: Policy Areas with no Policies**
▪ Taxation	▪ Knowledge Intensive Sectors ▪ Commercialisation of R&D ▪ Matchmaking ▪ Personal Capital ▪ Private Funding ▪ Regulation ▪ Exit Opportunities ▪ Human Capital	▪ High Growth Firms ▪ Investment Readiness ▪ Loans and public Guarantees ▪ Public Funding ▪ Public co-investment ▪ Fiscal Incentives ▪ Administrative Burdens ▪ Investment Values ▪ Internationalisation ▪ Social Capital

According to the ICE Investment Policy Analysis, the public involvement has been spread out over a number of areas (Figure 15). However, only one policy area has received the highest attention, namely taxation. Other policy areas such as supporting the knowledge intensive sector, supporting private funds, matchmaking, exit opportunities and human capital are also areas, which have been subject for public intervention. In a larger number of areas, the public sector did not intervene at all. The federal state has not been directly involved in the market through tools such as public funds. However, some states have public investment funds.

Table 5: Supply and demand side policy actions in the USA (Federal state level)

Supply side policy actions	**Year**	**Demand side policy actins**	**Year**
The Securities Act	1933	Liberalization of bankruptcy system	1978
The Securities Exchange Act	1934	Bayh-Dole Act	1980
GAAP regulations	1939	The Small Business Innovation Research (SBIR)	1982
SBA’s Guaranty Loan Program	1953	Sarbanes-Oxley Act (SOX)	2002
Small Business Investment Company Act (SBIC)	1958	SOX Revised	2007
NASDAQ	1971	Many other policy actions have been used to target the demand side throughout the years. The policy actions shown here are selected based on the risk capital focus.	
The Employee Retirement Income Security Act (ERISA)	1974		
Hart-Scott-Rodino Act	1976		
FASB treatment of “pooling” of assets	1977		
Revenue Act cuts capital gains rates	1978		
ERISA Revised "Prudent Man Rule"	1980		
Business Investment Incentive Act	1980		
Tax Reform Act	1986		
Adoption of Uniform Blue Sky Law Creating Financial Markets to	1996		

Fund Entrepreneurial Growth Companies			

Source: ICE Policy Mapping USA, 2007.

As with the other ICE countries, most U.S. risk capital policy actions have been targeted at the supply side. However, the Bayh-Dole Act from 1980 and the SBIR program from 1982 are two important demand side policy initiatives (Table 5).

APPENDIX 1:

Overview Policy Instruments per ICE Country (Norway not updated), 2007

	Firm Targeted Instruments	Direct Investment Fund	Grant Scheme	Investment Guarantees	Funds of Funds	BAN	Pension Funds	Exit Market	Tax Scheme	Public Leverage Capital
CA										
DK										
FIN										
NL										
NO										
USA										
	Demand side	**Supply side**								
		Direct Involvement → **Facilitation**								

APPENDIX 2:
Short Description of ICE Countries' Risk Capital Policy Instruments

Canada

Name	Year	Short Description	Supply/Demand Focus	Link
Labour Sponsored Venture Capital Corporations (LSVCC)	1985	LSVCC are private funds. Individuals that invest in a registered LSVCC receive a 15% federal income tax credit - credit maximum of $750. Most provinces have a similar program	Supply	-
Business Development Bank of Canada (BDC)	1995	BDC er Canadas største offentlige venture aktør. Den opererer på kommercielle vilkår og saminvesterer med den private sektor.	Supply	http://www.bdc.ca/en/home.htm
BDC Consulting Services	1995	BDC giver virksomheder konsultation i forbindelse med at søge kapital.	Demand	http://www.bdc.ca/en/business_solutions/consulting_group/default.htm

BDC Venture Capital Fund	1995	VC investments from seed through expansion. Invests directly into SMEs and into other VC funds, normally with co-investors.	Supply	http://www.bdc.ca/en/business_solutions/venture_capital/about_us/venture_capital.htm
BDC Financial services and Subordinate financing	1995	Kombinerer låne- og equityinstrumenter	Supply	http://www.bdc.ca
CEDQ- IDEA SME	1995	Non-repayable contributions to SMEs and industry associations for product development, market assessment and demonstration	Supply	http://www.dec-ced.gc.ca
Community Futures Development Corporations	1995	Non-profit corporations - financed by the federal government - CFDCs provide businesses with loans, loan guarantees or equity investments of up to $125 000.	Supply	http://www.communityfutures.ca/home/index-eng.html
Loan and Investment Program	1995	Aims to fill the gap between traditional bank lending and the availability of venture capital for small business	Supply	http://www.wd.gc.ca/finance/xnetwork_e.asp

Canada Community Investment Plan (CCIP)	1995 - 2002	Investment plan that includes internet based matchmaking service for entrepreneurs and investors.	Supply/Demand	
Export Development Canada - EDC Equity	1998	Provides equity investments in Canadian SMEs to expand their export operations and invests in foreign projects that involve Canadian goods and services.	Supply	http://www.edc.ca/english/financing_equity_investments.htm
Canada Small Business Financing Program	1999	A loan-loss sharing program for SMEs that seeks to increase the availability of loans for establishing, expanding, modernizing and improving small businesses	Supply	http://strategis.ic.gc.ca/epic/site/csbfp-pfpec.nsf/en/Home
TSX Venture Exchange Capital Pool Company Program	2000	An alternative marketplace where entrepreneurs and investors can be matched priori to introduction at the traditional IPO market.	Supply/Demand	

Capital gains rollover for "angels"	2000	Allows the deferral of all, or a portion of a capital gain where the proceeds of small business investment are re-invested in another small business within 120 days	Supply	-
Sustainable Development Technology Canada	2001	Finances and supports the development and demonstration of clean technologies by drawing from an investment fund of $550M	Supply	http://www.sdtc.ca
FCC Ventures	2002	FCC Ventures provides equity and quasi-equity financing to SMEs in key agri-food sectors	Supply	http://www.fcc-fac.ca/en/aboutus/profile/fcc_ventures_e.asp
Avrio Ventures	2006	Avrio Ventures provides Canada's promising industrial bioproducts, nutraceutical ingredients and food technology companies with the investment support and resources they need to succeed.	Supply	http://www.avrioventures.com/

Denmark

Name	Year	Short Description	Supply/Demand Focus	Link
Danish Development Financing	1988	Public private investment fund.	Supply	http://www.oecd.org/LongAbstract/0,3425,en_2649_33703_4841828_1_1_1_1,00.html
Business Development Fund	1992	Public fund.	Supply	http://www.vf.dk
Pension funds	1994	Pension funds can invest 40% in non-quoted shares (increasing to 805 in 1998)	Supply	http://www.oecd.org/LongAbstract/0,3425,en_2649_33703_4841828_1_1_1_1,00.html
Investment Guarantees	1994	The state provided 50% guarantees on lost capital to certain certified investment companies.	Supply	http://www.oem.dk/publikationer/html/logistik/kapital.htm#5
Incubators	1998	Seven public incubators were established.	Supply/Demand	http://fi.dk/site/forside/innovation/kommercialisering-og-ivaerksaetteri/innovationsmiljoee

				r
Tax scheme pension funds	2000	Tax scheme where pension funds only pay 5% taxes on capital gains from unquoted shares, against 26% for normal capital gains.	Demand	http://www.oecd.org/LongAb-stract/0,3425,en_2649_33703_4841828_1_1_1_1,00.html
Growth capital	2000	The growth fund invest directly into firms,	Supply	http://www.vf.dk/Finansier-ing/Vaekstkapital.aspx
Vækstkauktion	2000	Loan guarantee scheme on 75% of loans up to 5 mio dkr.	Supply	http://www.vf.dk/Finansier-ing/Vaekstkaution.aspx
Growth Fund	2001	The growth fund becomes more market oriented.	Supply	http://www.vf.dk
Danish Business Angel Network	2001	Public supported business angel network. Later privatized and moved to Danish VC Association.	Supply/Demand	http://www.dvca.dk/sw7625.asp
Warrant agreements	2003	Possible to make warrants for key personnel.	Supply	http://www.skm.dk/publika-tioner/notater/567.html
Danish Entrepreneurship Fund	2004	Public private investment fund.	Supply	http://www.business.dk/article/20041123/nyhedsover-sigt/111230216/
Seed Capital Denmark	2005	Public private seed capital fund	Supply	http://www.globalisering.dk/multimedia/Bila

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Investment of pension capital in unquoted stocks.	2005	Business people can invest parts of their pension fund in unquoted stocks.	Supply	http://www.oem.dk/sw13329.asp
Get started loans	2005	New type of bank loans for start-ups, which includes some personal assistance.	Supply	http://www.vf.dk/Finansiering/Kom-i-gang-laan.aspx
Administrative burdens	2005	Simplifying the administrative burdens for investors and pension funds investing.	Supply	http://www.oem.dk/sw13329.asp
First North	2005	Framework set to make an alternative stock market.	Supply	http://omxnordicexchange.com/firstnorth/?languageId=5
Tax deduction on investment in unquoted stocks and reduction of administrative burdens for pension funds.	2005	For pension funds when investing in firms through the alternative stock market.	Supply	http://www.oem.dk/sw13329.asp
Need Driven Ventures	2006	Investment team in the Growth fund investing in need driven ventures.	Supply	http://www.vf.dk/Finansiering/Startkapital.aspx
Partner Capital	2007	Business angel matching fund.	Supply	http://www.vf.dk/Finansiering/Partnerkapital.aspx
Proof-of- Business	2007	Coaching from professionals through regional growth houses and	Demand	http://www.connectde

		connect denmark.		nmark.dk/default.aspx?func=article.view&id=6760
Sunstone Capital	2007	New fund created through privatisation of certain segment in Vaekstfonden.	Supply	http://www.vf.dk/
Gazelle Growth	2007	Demand side initiative which helps growth firms to internationalise.	Demand	http://www.gazellegrowth.com/
Iværksætterfond i Vestdanmark	2007	Regional fund in West Denmark.	Supply	http://www.fm.dk/

Finland

Name	Year	Short Description	Supply/Demand Focus	Link
Sitra	1967	The Finnish National Fund for Research and Development is an independent public foundation and investment fund under the supervision of the Finnish Parliament.. It has had a major role in the development of the Finnish venture capital market since the beginning in 1990.	Supply	http://www.sitra.fi/
Sponsor Oy	1967	Public venture fund and privatised in 1983. It does not invest any longer in venture capital.	Supply	http://www.sponsor.fi/
Kehitysaluerahasto Oy/Finnvera	1971	Public venture fund	Supply	http://www.finnvera.fi/
Tax incentive	1978	Tax incentive for risk capital investment.	Supply	http://www.vm.fi/vm/en/01_main/index.jsp
Tekes	1983	The National Technology Agency, Tekes, grants capital loans to primarily start-up technology and knowledge intensive firms.	Supply	http://www.tekes.fi/
Finnish Industry Investment Ltd (investeringsfond)	1994	Finnish Industry Investment Ltd is a government-owned investment company. Finnish Industry Investment invests in venture capital funds and directly in growth companies, together with private co-investors.	Supply	http://www.teollisuussijoitus.fi/in_english/
Veraventure Ltd	2003	Veraventure Ltd is Finnvera plc’s venture capital investment company, which was founded in April 2003 to manage and develop the investment activities of regional funds operating as limited companies (evergreen funds).	Supply	http://www.finnvera.fi/vuosikertomus2004/?s=2&p=1083

Start-up Loans	2004	Tekes provides start-up loans, max €100.000.	Supply	http://www.tekes.fi/
INTRO	2004	Programme to match business angels and entrepreneurs on 4 national conferences.	Supply/Demand	http://www.sitra.fi/
LIKSA	2004	It supports entrepreneurs in the development of business plans by offering max €40k to buy professional advisory services (half of the amount is a grant from Tekes and half is a convertible loan from Sitra).	Demand	http://www.preseed.fi/liksa/default.asp?l=1
Loans	2004	Finnvara provides loans to entrepreneurs.	Supply	http://www.finnvera.fi/index.cfm?id=1856
Avera	2005	Veraventure Ltd serves as the management company of Seed Fund Vera Ltd (Avera).	Supply	http://www.finnvera.fi/
Tax incentive for foreign investsors	2006	Partnerships with foreign investors will be taxed less compared to earlier.	Supply	http://www.vm.fi/vm/en/01_main/index.jsp
Regulation on pension funds.	2007	Pension funds are given improved opportunities for investing in VC.	Supply	http://www.stm.fi/Resource.phx/stm/index.htx

Netherlands

Name	Year	Short Description	Supply/Demand Focus	Link
Loan Scheme (BBMKB)	1916	Purpose of this programme is to stimulate the provision of credit for small and medium enterprises. Banks are provided with a public guarantee on SME loans. The guarantee covers 50-80% of the capital.	Supply	http://www.senternovem.nl/bbmkb/english.asp
Private Participation Guarantee Order Scheme, Invesment Guarantee Scheme	1981-1995	An investment guarantee scheme, which provided private investors with a guarantee on 50% of the invested capital.	Supply	
Tax Incentive (Tante Agaath)	1980'erne	Tax incentives, which provide a possibility to deduct lost capital from personal income taxes.	Supply	
Twinning	1990-1998	Twinning was a policy package with elements including regional advice centres and two public funds. The public funds were later privitised.	Supply/Demand	

Syntens	2000	Syntens is a network for innovative firms with 5-250 employees. It provides firms with various types of advices, coaching etc.	Demand	www.syntens.nl
TechnoPartner Seed	2004	The government provides a 50% co-investment (maximum €4 million) to accredited funds (consequently with a maximum of €8 million).	Supply	www.technopartner.nl
Technopartner Certifikat	2004	The TechnoPartner Label is a written agreement between the Dutch government and domestic banks ensuring that the government will guarantee a given loan based on an evaluation of the applied technology.	Supply	www.technopartner.nl
SKE TechnoPartner	2004	The scheme encourages the utilisation of publicly financed knowledge by the private sector. It is an investment readiness scheme targeting university spin-offs. The pre-seed module of the programme includes activities related to provide high-tech start-ups with early-stage capital. Loans are provided to new firms in partnership between	Demand	www.technopartner.nl

		universities and local firms. 50% of the loan is provided by the governments and 50% from a local bank. A loan of maximum €100.000 is paid in public-private partnership according to milestones. The firm has 6 years to return the loan, and payment can take place at low or no interest. The private party has the decision making power on this matter.		
Business Angel Program	2005	TechnoPartner facilitates several sessions to inform (starting) entrepreneurs and informal investors about informal investment. These sessions take place all over The Netherlands during the year. The sessions will be held in Dutch, but are also open for interested non-Dutch Angels and entrepreneurs who will start a company in The Netherlands.	Supply/Demand	www.technopartner.nl
Growth Facility	2005	The Growth Facility scheme targets banks and fund investors including organised informal investors and other types of risk capital funds. Under the Growth Facility scheme the government provides a guarantee of 50% on risk capital as either shareholder capital	Supply	www.technopartner.nl

		or subordinated loans provided to small and medium-sized firms (< 250 employees). The public guarantee extends to a maximum amount of €2.5 million, so the total financing amount can be €5 million.		
Challenger Credit	2006 - 2008	The Challenges Credit is a loan scheme provided to growth firms with an excellent innovation aimed at commercialisation R&D. The scheme aims at increasing the availability of risk capital to growth firms and was introduced in 2006. The public executing agency SenterNovem provides and administrates the scheme. There is no private sector involvement during the evaluation process of the firms. There are no interest rates that should be returned and if loans are lost they are not required to be paid back.	Supply	

Innovation Credit Scheme	2008	The Innovation Credit Scheme is a new loan scheme provided to growth firms with innovation aimed at commerciali-sation R&D. The scheme aims at in-creasing the availability of risk capital to growth firms and is the improved successor of the Challenger Credit that was introduced in 2006. The public executing agency SenterNovem pro-vides and administrates the scheme. There are risk-related interest rates that should be paid additional to the credit. If the innovation fails during the devel-opment phase, the loan and interest changes into a 100 % subsidy.	Supply	
High-tech Start-up Funds		The High-tech Start-up Funds was a co-investment programme set up by the Ministry of Economic Affairs. The programme focuses on providing risk-bearing finance to companies wanting to develop high-tech products. The funds provided hare capital or deferred loans. The funds had around 10 million guilders for investment (≈ €4.5 mil-lion). The Ministry of Economic Af-fairs provided around 1/3 of this capi-tal.	Supply	

USA

Name	Year	Short Description	Supply/Demand Focus	Link
The Securities Act	1933	The Act sets up a system of securities regulation based on the principle of full disclosure. The system forces companies to disclose all information that could be relevant to an investor's decision to purchase stock in a company, as appropriate to the size of the company, the number and sophistication of the investors, and other factors.	Supply	
The Securities Exchange Act	1934	The act sets up a system of securities regulation based on the principle of full disclosure. The system forces companies to disclose all information that could be relevant to an investor's decision to purchase stock in a company, as appropriate to the size of the company, the number and sophistication of the investors, and other factors.	Supply	

GAAP regulations	1939	GAAP sets up a system of securities regulation based on the principle of full disclosure. The system forces companies to disclose all information that could be relevant to an investor's decision to purchase stock in a company, as appropriate to the size of the company, the number and sophistication of the investors, and other factors.	Supply	
SBA's Guaranty Loan Program	1953		Supply	
Small Business Investment Company Act (SBIC)	1958	The structure of the program is unique in that SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. The U.S. Small Business Administration does not invest directly into small business through the SBIC Program. But provides additional capital—as much as three times the private capital through the sale of SBA-guaranteed securities.	Supply	http://www.sba.gov/aboutsba/sbaprograms/inv/esf/inv_sbic_financing.html
NASDAQ	1971	NASDAQ is a secondary market which improved IPO opportunities for entrepreneurial firms	Supply	

The Employee Retirement Income Security Act (ERISA)	1974	ERISA provides more security for the assets of public pension funds and to curb some notorious abuses by certain pension plans.		
Hart-Scott-Rodino Act	1976	Made the acquisition of entrepreneurial companies attractive to larger companies	Supply	
FASB treatment of “pooling” of assets	1977	Made the acquisition of entrepreneurial companies attractive to larger companies	Supply	
Liberalization of bankruptcy system	1978	favor the individual creditor in a way that she does not risk losing house and home if her business fails	Demand	
Revenue Act cuts capital gains rates	1978			
ERISA Revised "Prudent Man Rule"	1980	Pension funds were allowed to invest in venture capital.	Supply	
Business Investment Incentive Act	1980	Small Business Investment Incentive Act which made clear that venture capital funds were business development companies and therefore not subject to registration and regulation under the Investment Advisers Act.	Supply	
Bayh-Dole Act	1980	Bayh-Dole Act gives universities control over their inventions and research	Demand	

The Small Business Innovation Research (SBIR)	1982	SBIR is a highly competitive program that encourages small business to explore their technological potential and provides the incentive to profit from its commercialization. By including qualified small businesses in the nation's R&D arena, high-tech innovation is stimulated and the United States gains entrepreneurial spirit as it meets its specific research and development needs.	Demand	http://www.sba.gov/aboutsba/sbaprograms/sbir/sbirstir/sbir_sbir_description.html
Tax Reform Act	1986	reduced the number of tax shelter schemes available to individual investors	Supply	
Adoption of Uniform Blue Sky Law Creating Financial Markets to Fund Entrepreneurial Growth Companies	1996	set up a system of securities regulation based on the principle of full disclosure. The system forces companies to disclose all information that could be relevant to an investor's decision to purchase stock in a company, as appropriate to the size of the company, the number and sophistication of the investors, and other factors.	Supply	

Sarbanes-Oxley Act (SOX)	2002	SOX imposed stiffer auditing requirements on public companies, required CEOs to certify the accuracy of their companies' financial statements on pain of criminal penalties, subjected auditors to oversight by a new regulatory body (the Public Company Accounting Oversight Board), and prohibited them from engaging in consulting for clients they audit. The New York Stock Exchange and the NASDAQ changed their listing mandates, requiring a majority of corporate boards to have "independent" directors.		
SOX Revised	2007	SOX blev revideret for mindre virksomheder for at reducere den administrative byrde for mindre virksomheder	Demand	