

➤ CORFO defines priority strategic sectors for venture capital investment

Recently, the Chilean Economic Development Agency ("CORFO") published Resolutions No. 122 and 123, which define the strategic segments or sectors that will be classified as "priority" in the framework of its financing programs for venture capital funds - Early-Stage Technology Funds (FET), Early Stage Funds (FT) and Development and Growth Funds (FC).

Venture capital funds investing in these sectors will be qualified by the Venture Capital Committee of CORFO as Priority Funds and will be eligible for the benefits indicated below.

I. Segments/Sectors classified as priority

The sectors/segments classified as priority are the following:

- 1 **Companies led by women**, meaning legal entities, incorporated in Chile, with profit-making purposes, in which:
 - a One or more women own at least 50% of the capital; or
 - b One or more women hold at least 30% of the capital, and that, in addition, one or more women are the legal representatives of the company.
- 2 Those destined to the so-called "**Decarbonization of the Productive Matrix**", understood as those whose purpose is the development of actions aimed at the reduction of carbon emissions to the environment, through the substitution or replacement of the use of energy sources based on coal or hydrocarbons such as oil or gas, for alternative sources such as green hydrogen, solar, wind or other non-conventional renewable energies.

II. Benefit

The benefit for funds whose purpose is to invest in any of the priority segments consists of the following:

- 1 For those funds subject to the FET program: the fund is exempted from paying additional interest by applying a 10-year BCU rate on the amounts effectively disbursed to the Fund (without this benefit it would instead be applicable a 10-year BCU rate plus 5% per annum).
- 2 For those funds subject to the TF and HF programs: These funds are exempt from paying interest on the amounts effectively disbursed to the Fund (without this benefit, it would instead be applicable a 10-year BCU rate plus 2% per annum).

The 10-year BCU rate is an internal rate of return of the 10-year bonds issued by the Central Bank of Chile, which are adjustable in UF. It is a risk-free rate since it is a long-term instrument issued by the government.

III. Beneficiaries

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd
Floor
Las Condes, Santiago, Chile.
www.carey.cl

The funds that may access the benefits are those financed through the FET, FT and FC programs, which contemplate in their investment policy, to invest in companies that are part of the sectors indicated in letter A and that comply with the requirements therein contemplated, circumstance that will be qualified by CORFO's Venture Capital Committee, without prejudice of the verification made by the Investment and Financing Management when approving the respective disbursement. The Funds may establish additional requirements in their Investment Policy, but they may not be contradictory or provide exceptions to the provisions of letter A.

IV. *Validity of the benefits*

The benefits indicated shall remain in force for the funds as long as they maintain, in the investment policy of their respective internal regulations, the investment in the sectors defined as priority sectors.

V. *Context*

The faculty of CORFO to qualify as "priority" certain sectors or segments defined as strategic, in geographic territories or in a group of legal or natural persons, and the associated benefit, was first introduced by the [consolidated text of each of the FET, FT and FC Programs](#), agreed by the Venture Capital Committee in 2022.

In the case of the FT Program, those funds whose purpose is to generate social impact in their investments will also be beneficiaries of the interest exemption indicated. Said social impact must be accredited at the time of applying to the Program and be consistent with their Business Plan and Investment Policy. This is in accordance with the consolidated text of the FT Program (Corfo Resolution No. 35).

AUTHORS: *Francisco Guzmán, Carolina Miller.*