



**PROVINCE OF
BRITISH COLUMBIA**

Toll Free: 1-800-665-6597
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Email: InvestmentCapital@gov.bc.ca

**INSTRUCTIONS TO FINANCIAL
INSTITUTIONS FOR SETTING UP
AN INVESTMENT PROTECTION
ACCOUNT**

The *Small Business Venture Capital Act* (the “Act”) requires a registered Venture Capital Corporation (VCC) to:

1. establish an Investment Protection Account (IPA); and
2. deposit 30% of all amounts it receives from the sale of its treasury shares to the IPA.

The following documentation is used to establish an IPA at a financial institution:

- (a) **RESOLUTION OF VCC BOARD OF DIRECTORS**
 - authorizes the establishment of an IPA
- (b) **DIRECTIONS FOR OPERATION OF INVESTMENT PROTECTION ACCOUNT**
 - provides directions by the VCC to the financial institution
- (c) **FINANCIAL INSTITUTION’S CONFIRMATION**
 - provides confirmation to the Venture Capital Tax Credit Program that the IPA has been opened and confirms the amount on deposit in the account
 - this Confirmation should be photocopied onto the financial institution’s letterhead and signed by an appropriate official
- (d) **STANDARD ACCOUNT AGREEMENT OF FINANCIAL INSTITUTION**
 - this document is to be headed:
“Re: Investment Protection Account Number _____”.
 - the financial institution’s standard agreement is to be amended as required to reflect provisions of the “Directions for Operation of Investment Protection Account”

NOTE:

1. The name and style of the IPA must be as follows:

“_____, Trust Account.”
(Name of Corporation)

2. If the IPA funds are held in a term deposit with the financial institution, the term deposit certificate must indicate on its face that:

(i) the funds are being held in an Investment Protection Account as follows:

“ _____, Trust Account,
(Name of Corporation)

within Account Number _____”, and

(ii) the principal is to be credited to the Investment Protection Account and the interest is to be credited to the Corporation’s operating account.

ADDITIONAL INFORMATION

1. No monies may be paid out of the IPA without the prior written consent of an authorized signatory from the Venture Capital Tax Credit Program.
2. Original specimen signatures of the two authorized Venture Capital Tax Credit Program signatories have been provided to the regional or divisional office of each financial institution operating in British Columbia. A copy of these signatures can also be obtained from the Venture Capital Tax Credit Program.
3. The IPA documentation also provides for the establishment of an operating account for the VCC. This operating account is to be debited for all charges relating to the operation of the IPA.
4. Any interest earned on money held in the IPA may be credited directly to the VCC’s operating account.

After completion, please submit a Financial Institution’s Confirmation to the Venture Capital Tax Credit Program at the address set out below:

<p>Venture Capital Tax Credit Program PO Box 9800, Stn Prov Govt Victoria, B.C. V8W 9W1</p>
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If you have any questions about the establishment or operation of an IPA, please contact the Venture Capital Tax Credit Program at:

Toll Free: 1-800-665-6597
Phone: 250-952-0136
Fax: 250-952-0371
Email: InvestmentCapital@gov.bc.ca
Web: www.gov.bc.ca/InvestmentCapital