

## **Investment of University Funds in Start-up Companies Involving Rochester Personnel**

This policy establishes guidelines under which the University of Rochester may funds invest in start-up companies in which University personnel are personally involved (either as investors, management, or both). This policy does not govern investments done through the Office of Institutional Resources or equity consideration taken in exchange for licensing revenue.

On occasion, the University (whether through a Department, School, College or other operating division) may have the opportunity to invest in a start-up company in which one or more University personnel are also involved, either as investors, management or both. The University will ordinarily not invest in such companies if any of the involved personnel are faculty members who also have management responsibilities in the start-up company because of the potential for conflicts of interest.

However, the University may generally invest in start-ups in which the extent of its faculty involvement is limited to equity (or rights to equity) or in which there is no faculty involvement under the following conditions:

1. All investments will be as a “passive investor” and the University will not accept a seat on the start-up company’s board of director (or other governing body) for its investment.
2. The University of Rochester will not acquire an equity holding greater than 10% of the ownership of the company.
3. No University of Rochester officer is to be a member of the board or be an officer of the company or have a personal equity position in the company at the time of the University’s investment.
4. Because it is critical that the University’s investment of its funds is structured in a careful way, University investments in start-up company are subject to the case-by-case approval of the Provost based upon recommendations of the Technology Transfer Policy Committee.

Exceptions to this policy are permitted but must be approved by the Technology Transfer Policy Committee.