



FyreFem Fund Managers

Impact Funders

Fund Manager Licensing Incubation Program

South Africa

FyreFem is a women-owned investment firm and a licensed Financial Service Provider (FSP), FSP No: 49359 that offers licensing support to selected emerging fund managers. With the support of the USAID Southern Africa Mobilizing Investment project (USAID Mobilizing Investment), the FyreFem incubation program will prepare a new batch of managers to obtain their own Category I financial services license, enabling them to operate in South Africa as licensed fund managers.

This 24-month program provides essential compliance and monitoring support to help fund managers secure their Category I license.

THIS PROGRAMME IS RESTRICTED TO FUND MANAGERS WHO ARE DOMICILED IN SOUTH AFRICA.

THIS PROGRAMME IS RESTRICTED TO CATEGORY I LICENSING.

However, whilst Category 2 licensing currently falls out of this program, the program could be extended in a second phase but we cannot offer Category 2 within the program envelope at this stage.

INTRODUCTION

Established in 2017, FyreFem is a proudly South African company that's 100% women-owned, with 51% ownership by black South African women. It was born out of a commitment to channel capital into the private equity and venture capital sectors, specifically targeting sectors and demographics that can bring about a meaningful impact. FyreFem's mission centres on creating positive change by collaborating with high-impact fund managers, with a preference for those owned by women or black entrepreneurs. The company is engaged in investment and advisory services, and has geared up to officially launch its incubation program in November 2023, supported by the U.S. Agency for International Development (USAID).

The USAID Southern Africa Mobilizing Investment (USAID Mobilizing Investment) is a five-year project aimed at addressing various funding gaps in Southern Africa's investment ecosystem. The project's goal is to stimulate private capital investment in sectors that can drive employment, reduce poverty, and combat inequality within the Southern African region.

Utilizing a blend of technical assistance and catalytic grant funding, USAID Mobilizing Investment is focused on mobilizing private sector investments in high-growth sectors and enhancing the skills, relationships, and information networks necessary to influence market behaviour. The project collaborates with industry stakeholders and institutions to create capacity development programs, with a particular focus on first-time fund managers, especially women and historically disadvantaged individuals, to enhance their performance standards in raising and deploying capital and managing portfolios.

FyreFem's program, which is funded by USAID Mobilizing Investment, is to take selected fund managers through a 24-month program, ensuring they meet essential compliance and legal requirements to obtain their South African Category I financial services license by the end of the incubation period.



BACKGROUND AND CONTEXT

FyreFem provides incubation services to help emerging and impact fund managers navigate the intricate regulatory landscape from scratch through to obtaining its licensing under South African law (the Financial Advisory and Intermediary Services Act (37 of 2002) (“FAIS” and “FAIS license” or “license”) as issued by the Financial Sector Conduct Authority (“FSCA”). FyreFem’s primary role is assisting fund managers in developing technical know-how, building compliance policies, providing guidance on fund governance, acquiring the required FSCA experience and licenses and conducting regulatory compliance monitoring. Obtaining a FAIS licence is a crucial step for PE and VC fund managers in South Africa to secure funding. FyreFem facilitates access to a license-holder from day one for new entrants, while concurrently building their track record. Once the necessary FAIS track record is established, FyreFem assists the fund managers in obtaining their licenses independently.

FyreFem incubates fund managers with a catalytic focus on the South Africa ecosystem. It provides incubation services for regulatory and compliance purposes, including:

- Key Individual and Representative mentoring and compliance incubation.
- Training and policy development.
- Participation in investment committee roles as full voting members to assist fund managers with risk mitigation.
- Assistance with issues facing new committees, such as conflicts and terms sheets.
- Guidance in governance, deal assessment, legal structuring, and securing funding leads.

INCUBATION PROGRAM SERVICES

Within the program, FyreFem will bear the cost of the monthly Key Individual fee and the external compliance officer fee to assist the fund manager cover expenses during the very difficult fundraising period. We will work with the compliance officer to obtain a license for the fund managers 6 months before the supervision period ends. We do hope that our fund managers can reach first close during the 24 months with us and we will leverage our networks and relationships to introduce our fund managers to investors wherever possible and where there is mandate fit. However, upon completion of the program (ie November 2026), the fund managers will be responsible for covering the incubation costs themselves.

Accordingly, the program will cover the following until the earlier of the fund manager obtaining its Category I license, or 24 months:

- Monthly licensing incubation costs (FyreFem’s costs).
- The cost of an external compliance officer through Compli-Serve Gauteng.
- Investment Committee attendance costs for Supervision purposes (please note that this program will require that you appoint a FyreFem Key Individual as observer or voting member to your Investment Committee).
- Juristic Representative relationship legal review (not drafting of the documents) for those funds who require Category I immediately as they are at first close.
- Compliance officer costs for license application.

You will be required to pay for, from your own funds during the program:

- Professional indemnity insurance (will we attempt to get premium reductions for the fund managers on this program but can't guarantee this yet).
- FSCA levies for your registered Representatives and Key Individuals
- FSCA license application fees (i.e., those levied by the FSCA, not those levied by the compliance officer in preparing and submitting the license application).
- Drafting of legal agreements at first close to include relevant Juristic Representative clauses.

ELIGIBILITY FOR INCUBATION PROGRAM

- The fund manager should have an investment mandate preferably linked to diversity, high impact OR diverse team (including women-owned).
- At the time of application, there must be at least one, but preferably three individuals, eligible to be registered as Representatives with the FSCA (relevant FSCA-recognized degree and ability to run a fund manager or be in senior Key Individual roles). By the end of the incubation program, these three registered Representatives must meet FSCA's qualifying requirements to become Key Individuals on their license and we will apply for a license for the fund manager with these three individuals as Key Individuals.
- In addition to three team members who can become Key Individuals (the minimum number), the program prefers three-five people in total per team (ie at least three Key Individuals and perhaps two other team members who may be junior or who can't meet the FSCA degree requirements).
- We understand that fund managers can't employ big teams and often are driven by one or two founders because of lack of working capital. So although preferable, the team members are not required to be remunerated team members at the time of application - any agreement for current and future relationships will be considered. However we can't register team members where conflicts of interest may arise and we will require that this relationship be in writing during our onboarding process given the FAIS Act requirements (you do not need these agreements to apply now but do need to know the identity of possible team members).
- All team members and the fund manager (the company) must be able to comply with the FAIS Act's Fit and Proper requirements and Codes of Good Conduct and all legislation related to these Acts. We will be assessing this during the next phase of due diligence (including FICA due diligence).

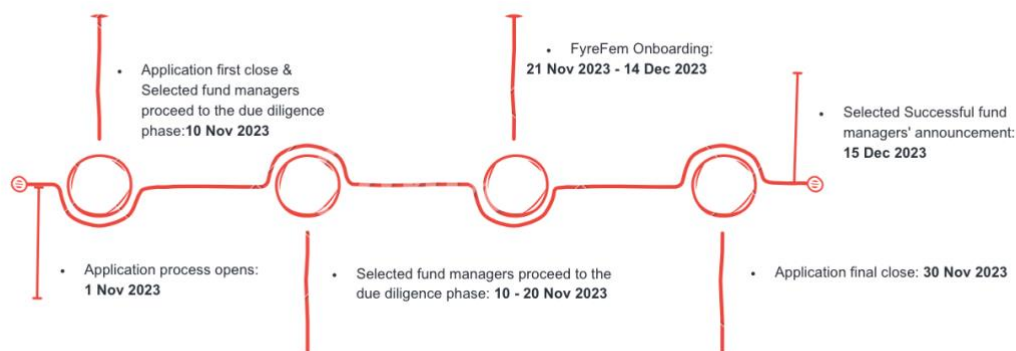
IMPACT REPORTING

The following information will be required from all successful fund managers (in addition to the compliance data and figures) during (for full compliance oversight purposes as well as impact data) and after the program (for impact data only ie team, jobs and assets under management figures):

- Quarterly reports that include assets under management, fund performance, and financial updates, performance of the portfolio companies for the quarter, and legal and compliance updates.
- Annual report to include but not limited to, assets under management, fund performance, fundraising updates, financial updates, performance of the portfolio companies, key and material changes to the fund, fund mandate and team (if applicable).
- Annual job creation and retention figures of the fund manager and any portfolio companies.
- FSCA registration statistics.

APPLICATION TIMELINE

- Please be aware that we will review applications continuously, with the initial application deadline set for the 10th of November, 2023. The final application deadline is the 30th of November, 2023. Thus, we encourage you to submit your application as soon as you can (ie before 10 November 2023).



HOW TO APPLY

Fund managers who meet the eligibility criteria can use the provided link to complete the application form. [Apply here](#)

Queries: projectsteam@fyrefem.com

TERMS AND CONDITIONS AND DISCLAIMERS

1. Within the program, FyreFem will bear the cost of the monthly Key Individual fee and the external compliance officer fee until November 2026. Upon completion of the program, the fund managers will be responsible for covering the external compliance officer cost themselves.
2. Kindly be aware that FyreFem will require fund managers to submit impact reporting, including quarterly and annual reports and reporting of job creation and retention figures, for three (3) years following the program so that we can report this back to the program sponsor (USAID Mobilizing Investment). Our key areas of interest, outside of the primary focus of this project are jobs created (in the fund manager and its portfolio) and assets under management of the fund manager.
3. Please be aware that the onboarding and registration of the chosen fund manager and selected Representatives will be contingent upon FSCA approval. While we will make every effort to assist in securing a favourable outcome, it's important to note that FyreFem cannot guarantee the ultimate approval of Representatives, Key Individuals and ultimately, the Category I license.
4. The information provided during the application and due diligence process will be handled confidentially and shared with the FyreFem team for assessment and analysis. All proposals, documents, and data submitted by applicants may also be disclosed to the FyreFem Board and Selection Committee and the program sponsor (USAID Mobilizing Investment), for review. Confidentiality agreements will be signed.
5. All South African FAIS and FICA legislation will need to be complied with and the fund managers will contract with FyreFem on this obligation after passing successfully through FyreFem's due diligence phase.
6. If the fund reaches first close within the 24 months period and FyreFem supervision is required on the Investment Committee as a voting member (and not just observer member), investment committee fees will be charged at the same rate as other members.