



UC San Diego Foundation

UC SAN DIEGO FOUNDATION POLICY FOR ACCEPTANCE, RETENTION AND DISPOSITION OF GIFTS OF NON-MARKETABLE SECURITIES

I. DEFINITIONS

For purposes of this policy, securities that are subject to restrictions on sale, or that have a limited market, are considered non-marketable.

Restrictions on sale may be driven by SEC rules 144 and 145, or the result of other circumstances.

Securities with a limited market may include, but are not limited to, those that are closely held, pre-IPO, or otherwise thinly traded.

II. ACCEPTANCE

The UC San Diego Foundation may accept and retain non-marketable securities. Staff will perform all normal due diligence, legal inquiry and analysis of the securities being offered to determine that acceptance of the securities results in no actual or potential significant liability, and there is valid reason to accept the donation.

The Chief Financial Officer shall consult with the President of the Foundation and the Chair of the Investment Committee for approval of acceptance of the gift, and legal counsel if considered necessary.

If the gift exceeds the parameters established by the Planned Gifts Standard Acceptance Criteria, then the Planned Gifts Committee will review and approve the gift for acceptance.

UC gift acceptance criteria will apply.

III. RECORDING

- Gifts of these types of securities will be recorded on the books of the Foundation at a value of \$1.

- If the donor provides an independent appraisal, the appraised value may, at the discretion of the Investment Committee on a case-by-case basis, be booked as long as there is no evidence that the appraisal is inflated or the value is likely to be questioned or written down by the auditors.

IV. MANAGEMENT/RETENTION OF SECURITIES

- The Chief Financial Officer will maintain contact with the company and obtain updates on its financial status.
- Quarterly reports will be provided to the Investment Committee regarding holdings and transactions (new gifts and sales).
- The Investment Committee will review the quarterly reports to determine if any action may be warranted pertaining to a particular holding in the portfolio.

V. DISPOSITION

- The Investment Committee will determine the parameters for disposition of the securities on a case-by-case basis, as the opportunity for sale or disposition is presented.
- As a general rule, the Investment Committee will instruct staff to liquidate the securities at the first possible opportunity, whether that may be during the initial public offering, when the securities can be registered, when they become free of restrictions, or to a private buyer, if one is presented.

Certain assets may be targeted by the Investment Committee for longer-term retention. This targeting may be the result of a donor request for the Committee to consider holding the asset for a period of time, for example, such as until a particular event takes place or the price reaches a specified level. This targeting may also be attractive in cases where the Committee believes longer-term retention has significant financial or donor-relations benefits for the Foundation.