

**Firsthand Technology Value Fund, Inc.**

**Corporate Governance Policies**

## Corporate Governance Policies

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## **FIRSTHAND TECHNOLOGY VALUE FUND INC.**

The Board of Directors (“*Directors*” or “*Board*”) of Firsthand Technology Value Fund, Inc. (the “*Company*”) recognizes the critical role that the Directors, and particularly the Independent Directors (as defined below), serve. The Directors have certain oversight and decision making responsibilities with respect to the Company, but are not responsible for the day-to-day management of the Company. For example, the Directors oversee the Company’s compliance with regulatory and other legal requirements, and police conflicts of interest between the Company and its investment adviser and other service providers. To enhance the effectiveness of the Board in these endeavors, and to assist them in their oversight role on behalf of the interests of the Company’s stockholders, the Board has adopted the following governance policies (the “*Governance Policies*”). These Governance Policies are a statement of policy and are not intended to change or interpret any federal or state law or regulation or the Company’s Charter (the “*Charter*”) or Bylaws (the “*Bylaws*”). The Governance Policies are subject to periodic review and modification by the Board

### **I. Super Majority of Independent Directors**

As an industry best practice, at least three-fourths of the Directors will not be considered “interested persons” (the “*Independent Directors*”), as that term is defined under Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “*1940 Act*”). If the Company has only three Directors, all but one of the Directors must be independent. Each Independent Director is expected to notify the Chairman of the Board and the chairman of the Nominating Committee, as soon as reasonably practicable, in the event that his or her personal circumstances change in a manner that may affect the evaluation of the Board of such director’s independence

### **II. Qualification of Directors**

Directors should comply with the legal, ethical and fiduciary duties imposed on the Directors of a mutual fund. Independent Directors should be free from any material conflicts of interests. Directors should devote the amount of time necessary to perform the sometimes rigorous duties of a mutual fund director, including a commitment, to the extent reasonably practicable, to attend all the Company’s board meetings and meetings of committees of which the Director is a member.

### **III. Selection of New Director Candidates**

The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the composition of the Board as a whole, and whether the Company is being well served by the Directors taking into account the Director’s independence, age, skills, experience and availability for service to the Company. The Nominating Committee shall consider and recommend Director nominees to the Board in accordance with the policies and principles in its charter.

The Company’s management may provide suggestions to the Nominating Committee regarding persons deemed qualified to serve as Directors, and may be afforded the opportunity to meet with a prospective new Director prior to a final decision of the Nominating Committee.

**Corporate Governance Policies****IV. Size of the Board**

The Board currently has six members. The Nominating Committee will periodically review the size of the Board, which may vary to meet the needs of the Company and the availability of suitable candidates.

**V. Service on Other Boards**

The Board does not believe that its members should be prohibited from serving on the boards of other companies, so long as those commitments do not create material actual or potential conflicts and do not interfere with each Director's ability to fulfill his or her duties as a member of the Company's Board; [provided, however, the members of the Audit Committee shall not serve on more than two additional audit committees of other public companies]. The Nominating Committee will take into account the nature and time involved in an individual's service on other boards in assessing Director nominees and candidates. Directors should advise the Chairman of the Board, the chairman of the Nominating Committee and the Secretary in advance of accepting an invitation to serve on the board of another public company.

**VI. Term Limits**

The Board has not established any term limits to an individual's membership on the Board. The Nominating Committee shall, as part of its annual assessment of the composition of the Board, review a Director's continued service on the Board.

**VII. Annual Questionnaire**

Prior to the commencement of service as a Director and thereafter on a basis no less frequently than annually, the Directors shall complete a questionnaire that solicits information on the Director's business, financial, and family relationships with the Company's investment adviser, other service providers, and their affiliates, as well as other relationships and qualification issues that could affect their status as Directors.

**VIII. Independent Directors' Meetings**

The Independent Directors shall meet separately outside the presence of representatives of the Company's management whenever they deem such a meeting to be appropriate, but no less frequently than quarterly. At one or more such meetings during the year, the Board as a whole and the Independent Directors separately shall consider the renewal of the Company's advisory agreement. In addition, Independent Directors are encouraged to maintain contact between Board meetings with each other and the members of the Company's management in order to keep themselves adequately informed with respect to the Company's affairs.

**IX. Board Committees**

The Board has established the following standing committees to assist it in discharging its responsibilities: Audit Committee, Valuation Committee, Compensation Committee and Nominating Committee. The charters of the Audit Committee, the Valuation Committee, the

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Compensation Committee and the Nominating Committee are published on the Company's website. These committees shall meet regularly, typically in conjunction with regular scheduled meetings of the Board, or otherwise as necessary, to carry out their functions and responsibilities. Each Director is expected to attend all the meetings of each committee on which the Director serves. The committee chairs shall report the highlights of their committee meetings to the full Board. In accordance with their respective charters, the Audit Committee, the Compensation Committee and the Nominating Committee shall be comprised entirely of Independent Directors. The Board shall review annually the membership and chairperson of each committee of the Board.

The Board may also establish such other committees as it deems appropriate and delegate to those committees any authority permitted by applicable law and the Charter and Bylaws.

### **X. Disqualified Persons**

Section 9 of the 1940 Act prohibits certain persons who have committed various delineated acts from serving as an employee, officer, director, member of the advisory board, investment adviser or principal underwriter of the Company. Pursuant to Section 9(a) of the 1940 Act, no person may serve in the above-referenced capacities of the Company if such person: (i) has convictions within the last ten years that are tied to securities transactions or employment in the securities field; (ii) has by reason of misconduct, been permanently or temporarily enjoined from acting in certain capacities in the securities arena; (iii) is a company any affiliated person of which is ineligible under paragraphs (i) and (ii) above, which includes any person who owns 5% or more of the voting securities of another person and any person who controls, is controlled by, or is under common control with another person; or (iv) is subject to an order of the Securities and Exchange Commission declaring him, her or it to be ineligible under Section 9 of the 1940 Act.

### **XI. Chief Compliance Officer**

The Board shall appoint a Chief Compliance Officer (“*CCO*”) for the Company who shall report in person directly to the Board at least annually and at such other times and in such fashion as required by Rule 38a-1 and as the Board shall request. The CCO's compensation for his or her service as the Company's CCO shall be determined exclusively by the Board.

### **XII. Advisory Contract Review**

The Directors as a whole and the Independent Directors separately have the obligation each year (after the initial two-year period) to select the Company's investment adviser and to approve the advisory fee and other amounts payable under the advisory contracts. In connection therewith, the Directors and Independent Directors shall consider, among other things: (i) the nature, extent, and quality of the services to be provided by the investment adviser; (ii) the investment performance of the Company and the investment adviser; (iii) the costs of the services to be provided and profits to be realized by the investment adviser and its affiliates from the relationship with the Company; (iv) the extent to which economies of scale would be realized as the Company grows; (v) whether fee levels reflect these economies of scale for the benefit of the Company's investors; and (vi) the services rendered by, and the fees paid to, the Company's

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investment adviser under the advisory contracts compared to other advisory contracts with the same or different investment advisers.

**XIII. Independent Auditors and Other Experts**

The Independent Directors shall have the authority to consult with the Company's independent auditors or other experts, as appropriate, when faced with issues that they believe require special expertise. The Independent Directors are authorized to use the Company's assets to retain experts when they deem it necessary to carry out their duties.

**XIV. Access to Management**

Directors have full and unrestricted access to officers of the Company.

**XV. Interaction with Investors, the Press and Analysts**

Management speaks for the Company. Each Director should refer all inquiries from investors, the press or analysts to management. Individual Directors may, from time to time at the request of management, meet or otherwise communicate with various constituencies that are involved with the Company.

**XVI. Compensation of Independent Directors**

The Compensation Committee shall be responsible for recommending to the Board, from time to time, the compensation to be paid to Independent Directors for services that they perform on behalf of the Company. The Company's management may assist with the analysis of relevant data on compensation and provide recommendations to the Compensation Committee with respect to compensation. The management directors serving on the Board shall not be separately compensated for serving on the Board or any of its committees. All directors shall be reimbursed for expenses related to their attendance at Board and committee meetings.

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**XVII. Director Orientation and Continuing Education**

The Company encourages Directors and committee chairmen to participate in orientation and continuing education programs that will enhance their ability to effectively discharge their duties as members of the Board. All Directors shall be given an opportunity to discuss the Company and its business with senior management. Management of the Company will also make available to directors materials or briefing sessions regarding director responsibilities and other matters related to service on the Board.

**XVIII. Annual Self-Assessment**

Each year, the Board will conduct a self-evaluation to determine whether it and its committees are functioning effectively. The Nominating Committee shall be responsible for overseeing the evaluation process and presenting an evaluation report to the Board. The Board will discuss the evaluation report to determine what, if any, action could improve Board and/or committee performance.

**XIX. Annual Independent Counsel Determination**

Rule 0-1(a)(6) under the 1940 Act requires that any person who acts as legal counsel for the Independent Directors be “independent legal counsel.” No person may serve as legal counsel with respect to the Independent Directors unless: (i) a majority of the Independent Directors has reasonably determined in the exercise of their judgment that any representation by the person of the Company’s investment adviser, principal underwriter, administrator (“**Management Organizations**”), or any of its control persons, since the beginning of the Company’s last two completed fiscal years, is or was sufficiently limited that it is unlikely to adversely affect the professional judgment of the person in providing legal representation to the Independent Directors; (ii) the basis for the Independent Directors’ determination has been recorded in the minutes of the meeting; and (iii) the Independent Directors have obtained an undertaking from such person to provide them with information necessary to make their determination and to update promptly that information when the person begins to represent, or materially increases his or her representation of, a Management Organization or control person thereof. The Independent Directors are entitled to rely on the information obtained from the person, unless they know or have reason to believe that the information is materially false or incomplete.

The Independent Directors shall re-evaluate their determination at least annually. If after the Independent Directors obtain information that the person has begun to represent, or has materially increased his representation of, a Management Organization (or any of its control persons), the person may continue to act as independent legal counsel for no longer than three months, unless during that period the Independent Directors make a new determination as provided above. The Independent Directors’ legal counsel shall be responsible for (i) providing the Independent Directors with information in connection with the determination required above, and (ii) making the required undertaking.