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OXFORD
BIOSCIENCE
PARTNERS

222 Berkeley Street
Suite 1650
Boston, MA 02116
Tel: 617-357-7474
Fax: 617-357-7476
www.oxbio.com

Mr. Gary Jackson
Office of Size Standards
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

March 25, 2005

Dear Mr. Jackson:

I am writing to comment on the participation of majority-owned venture capital companies in the SBIR program. As a partner with the Boston-based biotech venture capital firm Oxford Bioscience Partners, this is an issue in which I have a strong professional interest.

Start-up biotechnology companies often require tens of millions of dollars in capital in order to develop their technologies into commercial products. Seldom is it possible for individuals, even with the help of SBIR grants, to raise this amount of capital while retaining majority ownership. It is only in collaboration with venture capital partnerships like Oxford Bioscience Partners that these companies can finance the maturation of their technologies into commercial products.

As it is the intent of the SBIR program to help small businesses develop technologies, it is important that biotech companies be allowed to participate in the SBIR program even though they may be majority owned by venture capital partnerships. In order to permit this, the so-called "51% rule" should be interpreted to allow venture capital partnerships to count as "individuals".

I recognize that constructing the proper interpretation of the 51% rule to permit venture capital partnership majority ownership, without otherwise violating the spirit of the SBIR program, may be challenging. I encourage the Small Business Administration to work with the National Venture Capital Association on language that is acceptable.

Thank you for your consideration,

Douglas M. Fambrough

Dr. Douglas M. Fambrough