



My Computer



My Documents

Inbox

To: **learn@foundersdoc.com**

Subject: **Fundraising Timeline**

Our role as legal counsel:

1. Telling you what the docs say
2. Getting you out of trouble
3. Telling you the long-term implications of legalese

FOUNDERS DOC

1. Term Sheet

Usually used in larger ticket size transactions. While this is not legally binding, it may be difficult for founders to re-negotiate the commercial terms once it is signed.

I Understand

Results of DD may be reflected in Transaction Documents.

2. Due Diligence (DD)

Institutional investors may embark on some form of DD exercise. The investor's counsel may ask for certain docs, information and produce a management questionnaire."

Confirm

3. Preparation of Transaction Documents

Exact documentation depends on the nature of the fundraiser.

<p>Equity (ie. shares and share-like instruments)</p> <ul style="list-style-type: none"> • Share Subscription Agreement ie. issuance of shares from company • Share Purchase Agreement ie. purchase of shares from founders • Shareholders' Agreement 	<p>Debt (ie. loan and convertibles)</p> <ul style="list-style-type: none"> • Convertible Loan Notes • Loan Agreement <p>SAFE is another popular instrument for raises <2 million.</p>
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4. Signing

Once the deal terms have been agreed, the parties will proceed to sign the documents.

If there are robust reps and warranties embedded, the founders will need to prepare a disclosure letter.

Disclosure Letter

What happens if you don't disclose?

You could be sued for misrepresentation. Do not sign the letter until the reps and warranties are in order.

Conditions Precedent

Before completion occurs, some investors may request for certain conditions to be satisfied. Typical conditions include:

- Ensuring that key employees enter into formal employment agreements
- Ensuring that the IP is assigned to the company
- Implementing an ESOP

5. Completion

Completion = when the money gets wired in!

Certain items may have to be delivered by the parties. The support of the company secretary is key at completion in an equity fundraiser.

Typical deliverables:

- Board and member resolutions
- Updated Constitution
- Updated ACRA Bizfile and eROM
- New share certificates

Completion Deliverables

"If a condition requires a long period of time or is not immediately important, this may be re-designed as a condition subsequent instead."



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