



Some guidelines for holding shares via a Leapfunder Special Purpose Vehicle

- You own shares in a start-up. They are held in a Special Purpose Vehicle (“SPV”)
- What does it mean to be a shareholder via a Special Purpose Vehicle (“SPV”)?
 - The Special Purpose Vehicle holds all shares from the Leapfunder round. You have shares in the SPV. This means that you and your fellow investors are pooled together via the SPV and can act as one shareholder in the start-up
- What can I do as a shareholder in a Special Purpose Vehicle?
 - The shareholders in a Special Purpose Vehicle have the possibility to elect a representative
 - This representative gives the investors a clear voice in shareholders’ meetings of the start-up, or in negotiations with third parties
 - The election is organized by the board of the Special Purpose Vehicle. The board is formed by the startup and has a predominantly administrative function. It’s responsible for organizing meetings, producing transcripts of meetings, collecting and sharing information
- What rights does an elected investor representative have:
 - In principle the rights and mandate of the representative are agreed during their election, but the standard rights are:
 - The right to vote in the shareholder’s meeting of the startup, on behalf of the SPV and therefore the pooled investors
 - The right to act as the spokesperson for the Special Purpose Vehicle in negotiations with new investors, during an exit, or in any other situation that may arise
 - The mandate is always limited. Limitations include:
 - The election is for max 1 year
 - The representative always has to go back to the investors and seek an approval vote if he/she wants to sell shares, sign a shareholders’ agreement, vote on a take-over, or vote on the appointment of a dedicated non-executive, and whenever the representative might have a conflict of interest
- How does the election work:
 - An election has to be organized if 10% of the investors ask for one
 - The election will be organized by the board of the SPV: they will call for the election with at least 10 days notice
 - During elections a >50% majority is enough. If no candidate has >50% then the least favored candidate withdraws and a next round is held with the remaining candidates. This continues until someone gets >50% of the votes cast
 - On the initiative of 20% of investors, the elected representative can be forced to submit all their actions to a vote with the remaining investors. If there is no unanimity then the representative will be forced to split the votes of the SPV in any shareholders’ meeting as the vote is split amongst investors within the Special Purpose Vehicle