



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. So all investors are pooled as one
- What can I do as a shareholder in a Special Purpose Vehicle?
 - The shareholders in an SPV 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:
 - 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 SPV in negotiations with new investors, during an exit, or elsewhere
 - The mandate is always limited. Limitations include:
 - The election is for max 1 year
 - The representative always needs approval from the investors to sell shares, sign a shareholders’ agreement, vote on a change of control at the startup, or vote on the appointment of a dedicated non-executive, and whenever the representative has a conflict of interest
- How does the election work:
 - An election has to be organized by the board of the SPV if 10% of the investors ask for one.
 - During elections a >50% majority is required
 - 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 to reflect the investor’s differing opinions
- What if you have no elected representative:
 - In this case the SPV will be represented by the start-up itself, since they form the administrative board.
 - In this situation the SPV cannot vote in the shareholder’s meeting of the start-up. Explicit approval from investors is required to sell shares, sign a shareholders’ agreement, vote on a change of control, or vote on the appointment of a dedicated non-executive, and whenever the startup’s representative might have a conflict of interest