

Venture Capital Investment Model Agreements (VIMA)

Venture capital investments are becoming increasingly prevalent in Singapore and Southeast Asia. Balancing the interests of founders and investors, we aim to reduce transactional costs and time taken in due negotiation. The **Venture Capital Investment Model Agreements (VIMA)** provides a set of standardized documentation for use in seed rounds and early stage financings.

VIMA comprises the following documents:

Venture Capital Lexicon

The Venture Capital Lexicon explains important VC terms and concepts to first-time founders or investors.

Series A Term Sheet (Long Form / Short Form)

A term sheet sets out key terms and conditions pursuant to which an investor (or group of investors) will subscribe for shares in a company. It also sets out the ongoing rights and obligations of the investors, founders and the company in relation to such company. Except for certain provisions, a term sheet is a non-binding agreement and the relevant parties must enter into binding agreements to give effect to its terms.

This sample term sheet should be customized to consider the capital structure of the company (including any rights existing investors may have).

Series A Subscription Agreement

A subscription Agreement sets out the legal terms and conditions pursuant to which an investor (or group of investors) will subscribe for shares in a company.

Series A Shareholders' Agreement

A shareholders' agreement sets out the key terms and conditions regulating the affairs of the company and the rights and obligations of the investors and founders as shareholders of the company.

For the **Term Sheet**, **Subscription Agreement**, and the **Shareholders' Agreement**, the following assumptions were used during the drafting process: 1) Investors are making a significant minority investment in a growth stage company incorporated in Singapore, 2) the investment instrument is Series A preference shares, 3) the documents are governed by Singapore law with Singapore being the forum for any dispute resolution.

Non-disclosure Agreement

This sample confidentiality agreement assumes a company is providing confidential information about itself to a potential investor. It should be noted that it is not uncommon for VCs to decline entering into confidentiality agreements.

CARE Agreement (Pre-Series A)

The CARE Agreement is used in seed/early-stage (Pre-series A) financing rounds. Advice from an accountant should be sought to confirm whether this CARE Agreement qualifies as debt or equity.

The Care Agreement is drafted based on the assumption that an investor is making a cash investment in a Singapore incorporated private company, in exchange for receiving either shares in such company or cash upon occurrence of certain events.

How to use VIMA

Each document includes drafting or explanatory notes on the various clauses in the documents. The documents have been drafted based on Singapore law, incorporates Singapore law as the chosen governing law and Singapore as the chosen dispute resolution forum.

Founders and investors may use VIMA to commence investment discussions and focus on key commercial points, tailoring any terms (or inserting any additional terms) as they may require into the documents.

Form Update

VIMA will be updated periodically to remain relevant to users. More standard documents may also be added from time to time depending on the need and user adoption. We therefore welcome feedback and if you have any comments to share regarding the VIMA, please let us know at research@svca.org.sg

Disclaimer

No document or information provided in VIMA should be construed as legal advice (including for any fact or scenario described in such documents or any assumptions made in relation to such documents). The documents and the information in VIMA is a starting point only and the relevant documents should be tailored to meet the specific legal and commercial requirements of the contemplated transaction. Additionally documents may be required for the contemplated transaction. Legal and tax advice should be sought before using these documents. Neither the Singapore Academy of Law or any of the working group members or contributors takes any responsibility for the contents of the documents provided in the VIMA.

Working Group

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