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| |  | | --- | | **TERM SHEET**  **CONVERTIBLE LOAN INVESTMENT *(LONG-FORM)*** | |

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Term Sheet

Proposed Investment in

[Name of the Borrower] (the "Borrower")

This term sheet (“**Term Sheet**”) summarizes the principal terms of a potential convertible loan investment (the "Financing Round") in the Borrower, a stock corporation having its registered office at [address], Switzerland. It is for discussion purposes only, and except as specifically set forth below there is no legally binding obligation on the part of any negotiating party until definitive agreements are signed and delivered by all parties. This Term Sheet does not constitute an offer to sell nor an offer to purchase securities in the Borrower.

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| **Investment** | |
| Borrower / Issuer | [Name of the Borrower] |
| Type of Investment | Subordinated, unsecured loans that are convertible into shares of the Borrower upon the occurrence of certain triggering events as further set forth in this Term Sheet (the “**Loans**” and each a “**Loan**”). |
| Investment Amount | Up to an aggregate amount of CHF [amount] (the “**Financing Amount**”). |
| Investors | [Up to CHF […] from [*name*] (the “**Lead Investor**”).]  Additional investors may, with the consent of the Borrower [and the Lead Investor], accede to this Term Sheet (together with the Lead Investor, the “**Investors**”).  [Investors who are not yet shareholders of the Borrower acknowledge that their commitment under this Term Sheet is subject to a reduction if and to the extent that existing shareholders of the Borrower exercise pre-emption rights.] |
| Interest Rate | [The Loan shall be interest-free.] [[*Rate*]% per year (accruing). |
| Conditions precedent | Disbursement shall be subject to customary conditions precedent, including   * shareholder consents from [all] shareholders of the Borrower;] * [a minimum of [CHF] [*amount*] in aggregate principal amount(s) is committed as part of this Financing Round;] * [approval of investment by the relevant Lender’s investment committee;] * [satisfactory completion of financial and legal due diligence by the Lender;] * [the absence of any [material] breach by the Borrower of any provision of the convertible loan agreement;] * [*specify additional conditions precedent as appropriate, including based on due diligence findings*]. |
| Term | The Loans shall mature on [date] (the **“Maturity Date”**). |
| Mandatory Conversion | 1. **Upon Qualified Equity Financing Round:**   If the Borrower consummates a Qualified Equity Financing Round (as defined below), then loan balance outstanding under the Loans will be mandatorily converted into the highest category of shares of the Borrower at the conversion price which is equal to [the lower of:   * the price obtained by dividing CHF [*amount*] by the Borrower’s [issued and outstanding Shares/Fully Diluted Shares] as of immediately prior to the relevant Qualified Equity Financing Round, and] * [*rate*]% of the subscription price paid (and not set off) by the investors in such Qualified Equity Financing Round [if completed within [3 / 4 / 5 / 6] months from the date of the final agreement or [*rate*]% if completed thereafter];   A “**Qualified Equity Financing Round**” shall mean the next *bona fide* share capital increase during which new shares of the Borrower are issued against cash in an overall amount equal to or exceeding CHF [*amount*] (including agio) to existing or new investors, [including / excluding] any and all indebtedness that is converted (such as the Loans).  ["**Fully Diluted Shares**" shall mean all issued shares of the Borrower together with all option or conversion rights of any kind (whether vested or not and including any authorized but unallocated rights) on an as-converted-basis (but excluding the effects of the conversion rights granted under the Loans.]   1. **Upon Change of Control:**   If the Borrower consummates a Change of Control (as defined below), then loan balance outstanding under the Loans will be mandatorily converted into the highest category of shares of the Borrower at the conversion price which is equal to [the lower of:   * [*rate*]% of the price per share agreed upon in the context of the Change of Control event [if completed within [3 / 4 / 5 / 6] months from the date of the final agreement or [rate]% if completed thereafter], and * the price obtained by dividing CHF [*amount*] by the Borrower’s [issued and outstanding Shares/Fully Diluted Shares] as of immediately prior to the closing of the Change of Control;   A “**Change of Control**” shall mean:   * the acquisition of more than 50% of the Borrower’s outstanding Shares by any person or entity in any transaction or series of related transactions (other than as a result of *bona fide* equity financing purposes (including, but not limited to a Qualified Equity Financing Round [or Non-Qualified Equity Financing Round]); or * a merger, spin-off or other type of restructuring in which the holders of the voting securities of the Borrower outstanding immediately prior to such transaction retain less than the majority of the total voting power represented by the voting securities of the Borrower or such surviving entity outstanding immediately after such transaction; or * a sale, lease, transfer, exclusive license or other conveyance of all or substantially all of the assets of the Borrower in an arms’ length transaction (other than to a wholly-owned subsidiary of the Borrower or to a parent Borrower).  1. [**Upon Maturity**:]   [If the Loans reach the Maturity Date, upon request of the Investors, they may be converted into the highest then existing category of shares of the Borrower at the price per share obtained by dividing [valuation/fair market value] by the Borrower’s [issued and outstanding Shares/Fully Diluted Shares]] |
| Voluntary Conversion | **[Upon Maturity:]**  [If the Loans reach the Maturity Date, upon request of the Investors, they may be converted into the highest then existing category of shares of the Borrower at the price per share obtained by dividing [valuation/fair market value] by the Borrower’s [issued and outstanding Shares/Fully Diluted Shares].]  **[Upon Non-Qualified Financing]**  If, prior to the Maturity Date, the Borrower consummates an equity financing round that does not qualify as a Qualified Equity Financing Round (a “**Non-Qualified Financing Round**”), then the Investors may request a conversion at the conversion price as applicable to a Qualified Equity Financing Round. |
| [Pro Rata Subscription Rights] | [In addition to the rights for conversion of the Loans, the Borrower will grant to the Investors a right to participate in the next Qualified Equity Financing Round at the price and on the terms such shares are offered to other investors in such Qualified Equity Financing Round on a pro rata basis (the “Pro Rata Right”).] |
| Events of Default | As customary in investments of this type such as illiquidity, insolvency, breach of representations, warranties and covenants. |
| Representations and Warranties / Coventants | Customary representations and warranties as well as covenants of the Borrower to the Investors[, substantially in the form of the represen­tations and warranties set forth in the SECA CLA Model Documentation "long-form” [reasonably taking into account the findings of Investors' due diligence]. |
| [Most Favored Nation] | If the Borrower previously or subsequently to the Loan has granted or grants terms to another lender participating in the Financing Round that are more favorable for the respective lender than the ones agreed with the Lender, such more favorable terms shall equally apply to the Investors, unless such equal treatment is explicitly waived by the Investors. |
| **General Provisions** | |
| Confidentiality | The terms of this Term Sheet are confidential and will not be disclosed by the undersigned except as otherwise agreed in advance by each of the parties hereto and except that the Borrower is authorized to disclose this Term Sheet to its advisors, shareholders and other potential investors and the Investors to their advisors. |
| Documentation | The investment into the Borrower shall be made pursuant to convertible loan agreements drafted by the counsel to Borrower. |
| Legal Fees and Expenses | Each Party shall bear its own costs and expenses arising out of or incurred, and any taxes and fees imposed on it, in connection with the Financing Round and all transactions contemplated thereby. |
| Effect of Term Sheet | The parties expressly agree that, with the exception of the obligations set forth in the paragraphs ["Confidentiality", "Legal Fees and Expenses", "Effect of Term Sheet" and "Governing Law and Jurisdiction"] which are intended to be and shall be legally binding, no binding obligations shall be created by this Term Sheet until definitive, legally binding agreements are duly executed and delivered by all parties thereto. |
| Governing Law and Jurisdiction | This Term Sheet is governed by Swiss law and subject to the exclusive jurisdiction of the ordinary courts of [place]. |

[*Signature page to follow*]

Place, date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**[Startup] AG**

Signature(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Place, date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Lead Investor**

Signature(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Additional acceding Investors:**

Place, date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Committed Amount: CHF \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_