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Early-stage Investor Protection for Later Rounds

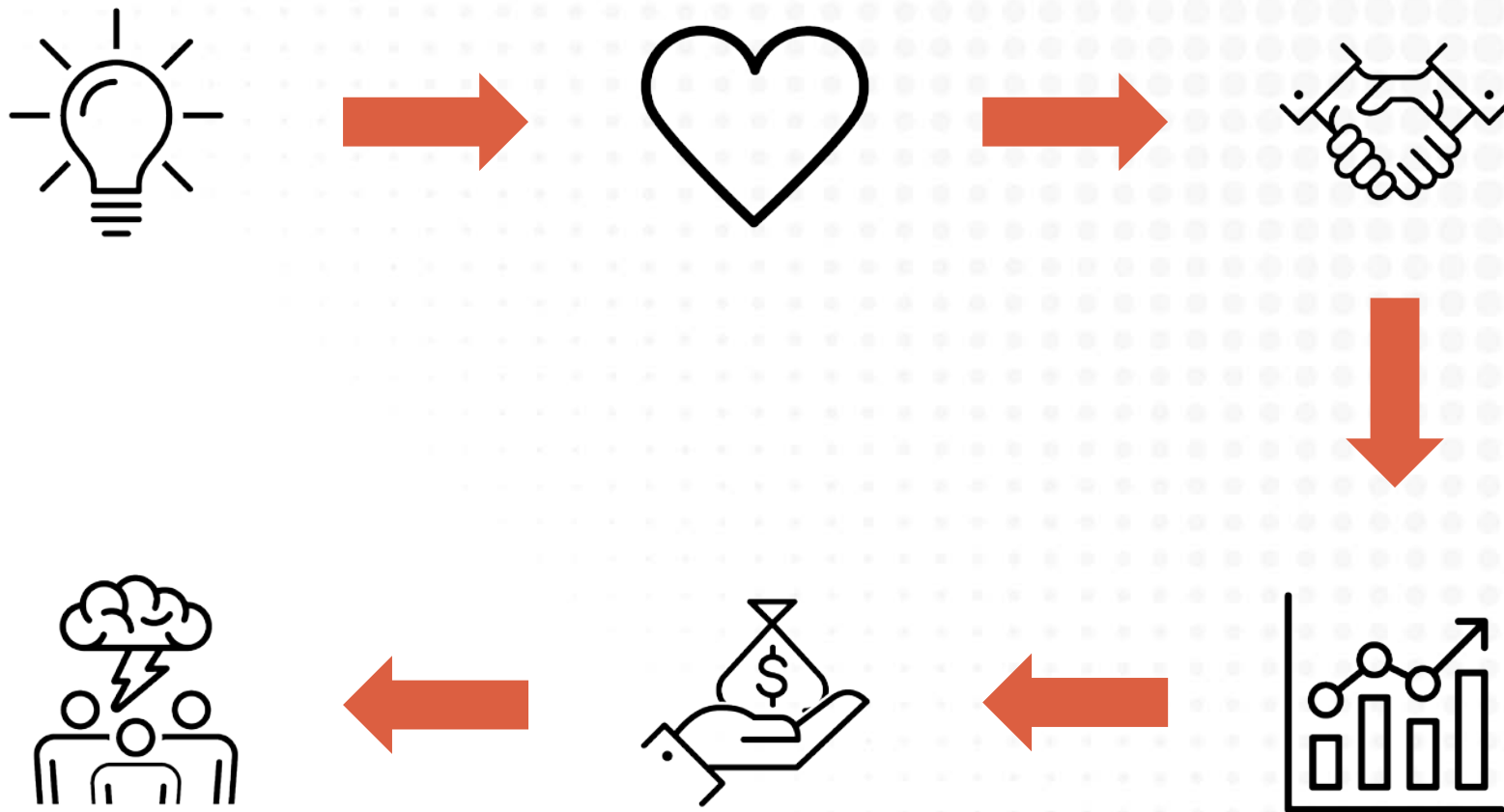


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Swiss Fintech Investor Day

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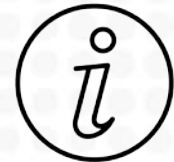
The Problem



Solutions: In Advance

Set up investment and shareholders' agreement to be prepared for the later round

- Insist on prompt information right to receive updates about new financings (once going beyond term sheet stage)
- Include common protection mechanisms seen in later rounds already in early stage investments (e.g. anti-dilution adjustment)



Solutions: In the later Financing Round

- Seek active involvement in negotiations early on – ask to receive first draft of the agreements sent to/by new investors
- Band together with other early-stage investors to have more influence. Agree on a common position before going back to the company/new investors
- Pick your battles – focus on the issues most important to you
- Know your limits – can the shareholders' agreement be amended without your consent based on an existing clause?



Questions



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Thank you.

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About Luzius Zumstein

- Luzius Zumstein's practice focuses are in the areas of start-ups, life sciences, corporate and commercial law and mergers & acquisitions.
- He advises national and international companies on all kinds of contract and corporate law issues, in particular on licensing agreements, development agreements, contract manufacturing agreements, financing rounds and company sales/acquisitions. He assists growth companies in all major legal processes, from formation to sale or IPO.
- Thanks to his studies in Law & Economics in St. Gallen & Lausanne and further education at the London School of Business & Finance, he also has a good grasp of the business challenges facing his clients.