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TERM SHEET

dated as of [date]

relating to

[the COMPANY]

made by and among

[INVESTORS]¹

and

[FOUNDERS]

and

[OTHER SHAREHOLDERS]

and

[the COMPANY]

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¹ [Note: Inclusion of convertible loan investors, if any, as parties to this Term Sheet to be considered depending on circumstances.]

TERM SHEET

Proposed Investment in

[Name of the company] ("**Company**")

This term sheet ("**Term Sheet**") summarizes the principal terms of a potential investment ("**Financing Round**") in the Company, 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 Company.

Company / Issuer	[Name of the Company]
Investment Amount	[Up to an] [A/a]ggregate amount of CHF [amount]
Pre-money Valuation	CHF [amount] fully diluted pre-money valuation (including the effects of shares issuable to holders of options, warrants and other convertible securities of the Company, if any).
Investors	<div> <div>Investor 1] CHF [amount]</div> <div>[Investor n] CHF [amount]</div> </div> <hr/> <div> <div>Total</div> <div>CHF [amount]</div> </div> <div> <u>[Additional investors may, with the consent of the Company [and Investor 1], accede to this Term Sheet[, provided that the aggregate Investment Amount is not exceeded].]</u> </div>
Type of Security	<div> <div>[Up to] [number] of newly issued preferred shares with a nominal value of CHF [amount] each ("Preferred Shares")</div> <div>Up to the Preference Amount (as defined below) the Preferred Shares will rank senior to all other shares in the Company with respect to exit/liquidation events and dividends.</div> </div>
Issue Price per Preferred Share	CHF [amount] ²
Ownership Structure / Cap Table	The current ownership structure of the Company and the anticipated ownership structure post-closing of the Financing Round (including the holdings of each shareholder in the respective class of shares), all on a fully diluted basis, are set forth in the cap table in Annex 1 .

² [Note: This Term Sheet assumes the same issue price for all Investors in this financing round (e.g. no conversion of convertible loans with discounts). Please adjust if need be.]

Employee Participation / Option Pool	<i>[Information about existing employee participation / option pool, if any, as well as information about employee participation / option pool to be implemented together with the Financing Round.]</i>
Use of Proceeds	All corporate purposes/activities consistent with the business plan.
[Representations and Warranties]	<p>[The investment agreement will provide for customary representations and warranties including:</p> <ol style="list-style-type: none"> 1. by the Company on its own status; 2. by the Founders on all representations and warranties including on all operative representations and warranties; and 3. by all other existing Shareholders on their capacity and ownership; <p>substantially in accordance with the SECA Model Documentation "large" template investment agreement.</p> <p>The remedies of the Investors for misrepresentation or breach of warranty shall be subject to customary terms, conditions and limitations and shall provide for a customary compensatory capital increase as remedy of last resort, in each case substantially in accordance with the SECA Model Documentation "large" template investment agreement.]</p>
Liquidation and Dividend Preference	<p>Any proceeds resulting from an exit/liquidation event and dividends (if any) shall be allocated:</p> <ol style="list-style-type: none"> 1. in first priority and up to the Preference Amount to the holders of Preferred Shares <i>pro rata</i> to their respective holdings in the Preferred Shares; and 2. in second priority, if and to the extent the Preference Amount has been fully paid, to all holders of common shares in the Company ("Common Shares") <i>pro rata</i> to their respective holdings in the class of common shares.
Preference Amount	<p>Preference Amount shall mean [the higher of:</p> <ol style="list-style-type: none"> 1. the sum of (i) the aggregate Issue Price paid by the respective holder of Preferred Shares and (ii) interest of [percentage]% per year on the Issue Price (to be calculated on the basis of the Issue Price paid and not yet compensated by a preferred repayment) since payment of the Issue Price until payment of the Preference Amount in full;³ and 2. such amount as would be payable to the respective holder of Preferred Shares had all its Preferred Shares been converted into Common Shares immediately prior to the relevant distribution] ("Preference Amount").

³ [Note: Depending on the Preference Amount agreed amongst the Parties (1x or a multiple of the Issue Price and/or non-compounding interest), the wording will have to be adjusted to reflect the commercial agreement.]

Voluntary Conversion	Holders of Preferred Shares may convert all or parts of their Preferred Shares at any time into Common Shares at a conversion rate of [1:1]. ⁴
Mandatory Conversion	Each Preferred Share will be immediately converted into Common Shares at a conversion rate of [1:1] ⁵ upon an IPO with a firm underwriting commitment of the underwriter(s)/global co-ordinator(s) in respect of newly issued shares representing an aggregate issue price in excess of CHF [amount]. ⁶
[Subscription Preference]	[Subject to customary limitations[and the Board's right to revoke any subscription preference if deemed required by the Board to secure emergency financing], each holder of Preferred Shares shall have a preferential right to subscribe for any new equity or equity related securities offered by the Company at the same terms and conditions as specified in such offer.]
Anti-Dilution	[Broad-based weighted-average] anti-dilution protection for Investors [that opt to participate in a future down-round on a pro rated basis] in case of a future down-round [with an issue price of less than [percentage]% of the Issue Price of this Financing Round][, provided that the anti-dilution protection shall forfeit at [the earlier of [number] of years following the Financing Round and] the completion of the next [qualified] financing round of the Company as approved by the Board.] The anti-dilution protection shall be effected by issuance to the Investors of new Preferred Shares at nominal value and shall be subject to customary limitations. ⁷
Voting Rights	Each Preferred Share carries one vote; <i>i.e.</i> the same vote as each Common Share.
Board Composition	The board of directors of the Company (" Board ", and each member a " Director ") shall comprise a maximum of [number] Directors. Each Investor shall have the right to be represented on the Board by [number] Director[s] nominated by [such Investor]/[the absolute majority of the voting rights represented by the] Investors[, if and as long as the

⁴ [Note: While the 1:1 ratio is often seen, the ratio depends on the negotiations/circumstances. By way of example, Parties may choose to apply a different conversion ratio in respect of an IPO to account for the loss of preference rights suffered by the holders of Preferred Shares.]

⁵ [Note: See footnote 4.]

⁶ [Note: The wording of the mandatory conversion clause presumes one single share class post-IPO. In founder centered companies where their founder DNA is meant to be extended beyond the IPO or for a transition period post-IPO, the introduction of a dual share class structure with voting privileges for such founders may be considered. In such case, changes to this Section together with corresponding adjustments throughout this Agreement will become necessary.]

⁷ [Note: The template Shareholders Agreement of the Model Documentation provides lots of optionality. The wording of the mandatory conversion clause in this Term Sheet presumes one single share class post-IPO. In founder centered companies where their founder DNA is meant to be extended beyond the IPO or for a transition period post-IPO, the introduction of a dual share class structure with voting privileges for such founders may be considered. In such case, changes to this Section together with corresponding adjustments throughout this Agreement will become necessary.]

	<p><u>aggregate shareholdings of [such Investor]/[all Investors] reach or exceed [percentage]% of the Company's then issued share capital</u>] (each an "Investor Director").</p> <p>The [Founders]/[holders of Common Shares] shall have the right to be represented on the Board by [number] Director[s] nominated by <u>[the absolute majority of the voting rights represented by]</u> all holders of Common Shares[, if and as long as the aggregate shareholdings of all [Founders]/[other common shareholders] reach or exceed [percentage]% of the Company's then issued and outstanding share capital] (each a "Common Shareholder Director").</p> <p>The [Board]/[shareholders collectively [by the absolute majority] of voting rights represented by the Shareholders] shall have the right [and the obligation] to nominate [number] independent Director[s] (each an "Independent Director").</p> <p>The chairperson of the Board shall [not] have the casting vote and be nominated by the [Board]/[Investor Directors (acting jointly)]/[<u>the absolute majority of the shareholder votes</u>]][from among the Independent Directors].</p>
Qualified Majorities	<p>Important Shareholders Matters as listed in Annex 2 Part A:⁸</p> <ol style="list-style-type: none"> Each shareholder will undertake not to cast an affirmative vote unless such Important Shareholder Matter will be approved by at least (i) [66 2/3 %] of shareholder votes and the absolute majority of the share capital of the Company <u>[represented at the relevant general meeting of shareholders]/[issued by the Company]</u> and (ii) [66 2/3 %] of shareholder votes of the holders of Preferred Shares <u>[represented at the relevant general meeting of shareholders]/[issued by the Company]</u>. <p>Important Board Matters as listed in Annex 2 Part B:⁹</p> <ol style="list-style-type: none"> [Alternative 1:] [Each shareholder will undertake that any affirmative decision with respect to such Important Board Matter will require the consent of at least [percentage]% of <u>[all elected Directors]/[the Directors present at the meeting]</u>.] [Alternative 2:] [Each shareholder will undertake to procure that the Director(s) nominated by such shareholder shall not, subject only to their fiduciary duties, cast an affirmative vote unless such Important Board Matter will be approved by (i) the simple majority of the Directors present at the meeting and (ii) <u>each]/[at least [number]] Investor Director[s]</u>.]
Information Rights	<p>[Alternative 1:] Each Investor [holding at least [percentage]% of the Company's then issued and outstanding share capital] will receive the information listed below and will have the right (i) to discuss with the</p>

⁸ [Note: See explanatory drafting notes (re considerations to be made on how to implement qualified majority thresholds for important shareholder and board matters) in the shareholders agreement of the SECA Model Documentation "large".]

⁹ [Note: See footnote 8 above.]

	<p>Company any issues relating to its investment and the Company and (ii) to periodically inspect the books, records and facilities of the Company.</p> <ol style="list-style-type: none"> 1. Within [90] calendar days of the end of each financial year, audited financial statements; 2. within [30] calendar days of the end of each fiscal quarter, unaudited quarterly financial statements[, and a twelve-month rolling forecast]; 3. within [20] calendar days of the end of each month, monthly management accounts (i.e. balance sheet, profit and loss statement, cash flow statement); and 4. no later than [60] calendar days prior to the end of each financial year, the proposed budget for the next following financial year.] <p>[In addition, Investors representing in aggregate at least [percentage]% of the Preferred Shares, shall have the right to appoint an independent auditor to inspect and audit the books and accounts of the Company.]</p> <p>[Alternative 2:] [The Investor[s] will have customary financial and other information rights. In addition, Investors representing in aggregate at least [percentage]% of the Preferred Shares, shall have the right to appoint an independent auditor to inspect and audit the books and accounts of the Company.]</p>
General Restrictions	Each shareholder agrees that shares in the Company shall (i) remain free of any third party rights (pledges, encumbrances etc.), and (ii) not be transferable [for a period of [number] years], except for certain customary permitted transfers and the exercise of the drag-along right.
Right of First Refusal	In first priority the Investors, in second priority the Company and in third priority all Other Shareholders will have the right of first refusal to purchase any shares any shareholder wishes to transfer to another shareholder or a third party in any transaction other than a permitted transfer of shares.
Tag-Along Right	Each of the shareholders shall have the right to participate, on a <i>pro rata</i> basis on identical terms, in any transfer or sale of shares by other shareholders <i>provided</i> such transfer or sale of shares would [result in a change of control].
Drag-Along Right	In the event the holders of Preferred Shares collectively representing at least [percentage]% ¹⁰ of all Preferred Shares wish to transfer all their shares in the Company in one or a series of related transactions to a proposed acquirer (including another shareholder) who wishes to acquire all (but not less than all) shares in the Company pursuant to a <i>bona fide</i> purchase offer, that group of holders of Preferred Shares shall [, subject to customary exclusions,] have the right (but not the obligation) to require all other shareholders to co-sell all of their shares

¹⁰ [Note: Given the economic and legal significance of the Drag-Along Right, consider defining the appropriate threshold sufficiently high giving due regard to the Company's cap table for a group of Investors to be able to trigger the Drag-Along.]

	to the proposed acquirer for the same consideration per share (within the same class of shares) and[, subject to customary exceptions substantially in accordance with the SECA Model Documentation "large" template shareholders agreement,] otherwise at the same terms and conditions as applicable to the relevant selling shareholders.
Purchase Option	<p>Each [shareholder]/[holder of Preferred Shares]/[the Company (acting for itself and/or certain shareholders)] shall have an option to purchase all shares of another shareholder <u>[in proportion to the nominal value of such shareholder's shareholdings in the Company]/[pro rata to such shareholder's holding of Preferred Shares]</u> upon the occurrence of <u>[certain events to be defined in the shareholders agreement and subject to the terms and conditions agreed in the shareholders agreement]/[the following events:</u></p> <ol style="list-style-type: none"> 1. <u>such shareholder dies, becomes incapable to act or otherwise loses its capacity to exercise its rights and obligations under the shareholders agreement;</u> 2. <u>such shareholder becomes subject to an insolvency event;</u> 3. <u>such shareholder commits a criminal act against the interests of another shareholder or of the Company;</u> 4. <u>such shareholder materially breaches a provision of the shareholders agreement (unless such breach and its effects are fully cured within an agreed period of days);</u> 5. <u>any board membership, employment or consultancy agreement, as the case may be, between such shareholder and the Company is terminated;</u> 6. <u>[a Change of Control occurs in respect of such shareholder]; or</u> 7. <u>such shareholder becomes subject to sanctions.</u> <p>Other than as per 1., 2. and 6. above and a good leaver situation under 5. above, the purchase price shall be the lower of (i) <i>[specify percentage number]</i>% of the fair market value of the relevant shares as per the date of occurrence of the event and (ii) <i>[specify percentage number]</i>% of the purchase/subscription price paid by such shareholder for the relevant shares.]</p>
[Investor Put Option]	[Each Investor shall have the right (but not the obligation) to sell all of its shares held to the Founders for a consideration in the aggregate amount of [CHF 1.00] at any time such investor deems fit. The right of first refusal, the tag-along right and the drag-along right shall not apply in case an Investor exercises the put option.] ¹¹

¹¹ [Note: The Investor Put Option provides an exit for the investor at a symbolic consideration of CHF 1.00 at any time it deems fit – which may include "limbo" scenarios (i.e., business failures with no tangible prospect of success), regulatory or reputational risks emanating from the Company for the Investor or similar scenarios where it is no longer about maximizing exit proceeds but about exiting fast.]

Related Party Transactions	All agreements, transactions and dealings between the Company and its directors, officers, managers, representatives, employees, consultants or its shareholders or any of its related persons will reflect market conditions and be made at arm's length terms.
Confidentiality	The terms and existence 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.
Exclusivity	From the date hereof until [date], or such earlier date upon which the Investor[s] and the Company agree in writing to terminate discussions contemplated by this Term Sheet, neither the Company nor the Founders, the incumbent directors and/or the members of the senior management of the Company will, directly or indirectly, solicit, continue or participate in any way in negotiations with, or knowingly provide any information to, any person (other than the Investor[s]) concerning any potential investment in the debt or equity securities of the Company or otherwise facilitate any effort or attempt to make or consummate such an alternative proposal.
Documentation	<p>The investment into the Company is subject to contract. Legally binding documentation will be [based on the SECA Model Documentation "large" templates (except where otherwise provided for in this Term Sheet),] prepared and drafted by counsel to the [Investor[s]]/[Company] and will consist of the following key documents:</p> <ol style="list-style-type: none"> 1. investment agreement; 2. shareholders agreement; 3. the Company's articles of incorporation; 4. the Company's Board regulations; and 5. such ancillary documents and annexes related thereto as required or deemed appropriate by the Investor[s]. <p>The agreements shall be subject to Swiss substantive law with <u>[arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Arbitration Centre then in force]/[the exclusive jurisdiction of the courts of the Canton of [Canton of domicile of Company], the venue being [city]].</u></p>
Conditions to Closing	The consummation of the Financing Round contemplated by this Term Sheet shall be subject to satisfactory due diligence, the approval and signing of legally binding Documentation by the Investor[s] and customary conditions precedent set forth in the legally binding investment agreement.
Legal Fees and Expenses	The Company will reimburse the Investor[s], or pay at the direction of the Investor[s], for the reasonable legal fees and expenses incurred by

	<p>counsel to the Investor[s] not to exceed CHF [amount], payable at Closing.¹²</p> <p>Should the investment not complete each side shall pay for their own costs. [The Investors agree amongst themselves to share the costs of legal counsel and other due diligence expenses and costs.]</p>
Non-Compete and Non-Solicitation	<i>[Wording regarding any non-compete or non-solicitation undertakings by the Founders and/or the Managers to be added if appropriate.]</i>
Timing	<p>Due Diligence: [date]</p> <p>Negotiations: [date]</p> <p>Signing: [date]</p> <p>Closing: [date]</p> <p>[Additional Closing: [date]]</p> <p>[End of Exclusivity: [date]]</p>
Effect of Term Sheet	The parties expressly agree that, with the exception of the obligations set forth in the paragraphs "Confidentiality", ["Exclusivity",]["Timing",] "Legal Fees and Expenses", "Effect of Term Sheet" and "Governing Law and Dispute Resolution" 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 Dispute Resolution	This Term Sheet is governed by Swiss law and subject to the exclusive jurisdiction of the courts of the Canton of [Canton of domicile of Company], the venue being [city].

[Signature page to follow]

¹² [Note: Each person using the Model Documentation should satisfy itself of the potential (tax and other) consequences resulting from such cost allocation to the Company.]

[Investor 1]

By: _____

Names: _____

Titles: _____

[Investor n]

By: _____

Names: _____

Titles: _____

[Founder 1]

By: _____

Names: _____

Titles: _____

[Founder n]

By: _____

Names: _____

Titles: _____

[Other Shareholder 1]

By: _____

Names: _____

Titles: _____

[Other Shareholder n]

By: _____

Names: _____

Titles: _____

[Company]

By: _____

Names: _____

Titles: _____

Cap Table

Attached.

List of Important Shareholder and Board Matters

Part A – Important Shareholder Matters

Each of the following decisions shall be an Important Shareholder Matter and shall require the consent requirements set forth in the Term Sheet:

- (a) any amendment of the Company's corporate purpose;
- (b) any creation of shares with preferential rights of any kind, shape or form or with privileged voting rights;
- (c) any amendment to the restriction of the transferability of shares;
- (d) any creation or removal of conditional capital or share capital band (*Kapitalband*);
- (e) any increase of capital against the Company's equity, against contributions in kind, by way of set-off or the granting of special benefits;
- (f) any limitation or withdrawal of subscription rights;
- (g) any change of [the corporate name or] registered office of the Company;
- (h) the conversion of participation certificates into shares;
- (i) [the change of the currency of the nominal share capital;]
- (j) [any provision in the Company's articles of incorporation concerning the holding of the general meeting of shareholders abroad;]
- (k) [the introduction of an arbitration clause in the Company's articles of incorporation;]
- (l) [the waiver of the appointment of an independent proxy for the holding of a virtual general meeting of shareholders;]
- (m) [any sale, transfer or other disposal of all or substantially all of the assets of the Company;]
- (n) [any merger, demerger or similar reorganization of the Company;]
- (o) the liquidation of the Company;
- (p) [any resolution on dividend payments or other distributions to the shareholders;]
- (q) [the election of the auditors of the Company;] and
- (r) [*specify additional Important Shareholder Matters as appropriate*].

Part B – Important Board Matters

Each of the following decisions in relation to the Company shall be an Important Board Matter and shall require the consent requirements set forth in the Term Sheet:

- (a) [any acquisition of a business or any part thereof (whether a share or asset transaction);]
- (b) [the sale, transfer or other disposal of all or substantially all of the Company's business and/or assets;]
- (c) [the proposal by the Board to the shareholders to approve a transfer of the Company's shares where the transfer of shares results in the acquirer holding, directly or indirectly, more than *[number]*% of the then issued share capital or voting rights in the Company;]
- (d) [any merger, de-merger, spin-off agreement as well as agreements having a similar effect;]
- (e) [the entering into any joint venture or partnership or any profit-sharing agreement (other than routine arrangements wholly within the ordinary course of business);]
- (f) [any investment, capital expenditure, sale of assets, incurrence of debt or any contractual obligation in excess of CHF *[amount]* (whether by a single transaction or a series of related transactions) unless such expenditure has been specifically provided for in the budget and business plan;]
- (g) [the entering into or issuance of any securities convertible into equity, including convertible loans and warrants;]
- (h) [the execution of any agreement providing for obligations in excess of CHF *[amount]* (whether by a single transaction or a series of related transactions), save as specifically set forth in the budget and business plan;]
- (i) [the appointment and removal of the Company's CEO and all other members of the management;]
- (j) [the approval of the Company's budget and business plan, and any change thereto;]
- (k) [the approval of the ESOP, and any change thereto;]
- (l) [the approval of an approved financing;]
- (m) [the listing of shares on any securities exchange or automated quotation system;]
- (n) [the issuance of shares or equity-related securities out of the conditional share capital or share capital band (*Kapitalband*) (including the determination of the issue price, the date for the entitlement for dividends and the type of contribution therefor), except [as contemplated under the ESOP];]
- (o) [the creation of any security interests upon any part of any property or assets in any form whatsoever exceeding CHF *[amount]* in aggregate (whether by a single transaction or by a series of related transactions) save as set forth in the budget and business plan;]

- (p) [any compensation to any [Independent] Director;]
- (q) [any related-party transactions or arrangements including variations thereof;]
- (r) [any transactions or arrangements other than on arm's-length terms and/or in the ordinary course of business;]
- (s) [the approval and amendment of any share option plan and option and/or share grants to the management[, except as set forth in the ESOP];]
- (t) [any material change in accounting policies or principles save with the prior approval of the Company's auditors;]
- (u) [any purchase of its own shares or the exercise of a right of first refusal in combination with the designation of a third-party acquirer;]
- (v) [any proposed transfer of shares in the Company other than in accordance with the transfer restrictions to be set forth in the shareholders agreement;]
- (w) [the approval by the Board that a[n] [Investor]/[shareholder]/[Founder] transfers shares in the Company to a corporate entity that is (directly or indirectly) fully owned by the same beneficial owner(s) [or his/her/its fully controlled trust] unless such entity [or trust] is subject to sanctions or not domiciled in Switzerland, [jurisdiction] or [jurisdiction];]
- (x) [the approval by the Board to the exercise by the Company of its purchase option(s) upon the occurrence of a event triggering such purchase options under the shareholders agreement;]
- (y) [*specify additional Important Board Matters as appropriate*]; and
- (z) any amendment or modification of the board regulations.