



Running a Leapfunder Note formal investor meeting

- You have raised funding through a Leapfunder Note. You need to call a formal meeting of those investors prior to the conversion.
- The most common reasons for calling a meeting are:
 - You have come to the Final Conversion Date, and you need to negotiate a conversion price with the investors
 - You have come to the Final Conversion Date and you want to agree an extension
 - There is some unusual situation, such as a big strategy change or restructuring, and you want to get a formal 'OK' from the investors
- What is needed in formal terms:
 - A formal investor meeting needs to be called in writing (via email) at least *ten days* in advance
 - You need to state the agenda, and any motion that you want to get passed *explicitly and clearly*
 - The startup can call the meeting, but the investors can as well: provided that at least 3 investors totaling at least 20% request it. (Or all investors if there are fewer than 3 investors.)
 - The startup nominates the chairman of the meeting, who appoints a minute-keeper. The minutes should be distributed (via email), and investors can object to their accuracy for 10 days, after which they are confirmed
 - Investors can participate through an online conference call, face-to-face, or give a proxy. Startup can receive proxies, as chairman
 - You need a 75% majority by value amongst the investors *participating* in the call, in person or by proxy. Investors not participating are not taken into the denominator. Decisions are binding for all investors
 - Exception 1: You only need 51% if you just want to change the content of your business strategy, as described in the Info Memo
 - Exception 2: when you agree a conversion share valuation with a 51% majority then this vote, *together* with an independent expert's ruling that this share price is within a reasonable market range, will constitute a complete fairness opinion. (If you can get 75% support for a specific conversion share price then you don't even need the independent expert to approve that conversion price.)
 - Please note: you cannot come to an formal agreement outside of a meeting, *unless* all investors agree to this way of working *and* the startup pre-approves this way of working
- Practical tips:
 - It is worth calling *two* meetings. *First*: call an *informal* meeting to explain the process. *Second*: call the *formal* meeting 10 days later.
 - Invite Leapfunder: you actually have to invite us, and we provide helpful assistance through the process
 - Record the entire meeting via your online conferencing tool
 - Make the language of your intended motions totally unambiguous, involve a friendly lawyer, or experienced investor, if necessary