

Free Sample Term Sheet

Company:	[Name, company number and registered office]
Founder(s):	
Investor(s):	
Share capital:	The share capital of the Company shall be split into:
Price:	The subscription price will be £[AMOUNT] for [NUMBER] of [CLASS] shares at the price of £[AMOUNT] per share.
Dividends:	The shares shall have the following dividend rights:
Board:	The board shall be made up of the following directors:
Important decisions:	The following matters shall require the consent of [PERCENTAGE] shareholders:
Tag along:	In the event that such a sale or transfer would result in the proposed purchaser or transferee acquiring more than [PERCENTAGE]% of the entire issued share capital of the Company, the Investors shall be entitled, and at their option, to sell their entire shareholding in the Company to such purchaser or transferee on the same terms and at the same price.
Drag along:	If holders of [PERCENTAGE]% or more shares agree to sell their shares to a third party, there shall be drag along rights so that all remaining shareholders and option holders shall be required to sell their shares to the third party on the same terms.
Pre-emptive rights:	<p>The Investors (together with the holders of other classes of shares in the Company) shall have the right to participate in any new issue of shares of any class pro rata to its holding of shares (determined on an as-if-converted basis).</p> <p>Any transfers of any shares in the capital of the Company shall be subject to pro-rata pre-emption rights in favour of the other shareholders in the Company from time to time in each case before such shares may be offered to any third party (in the case of the holders of preferred shares, on an as-if-converted basis).</p>

<p>Permitted transfers:</p>	<p>The Investors shall be permitted to transfer their shares to any company which is a member of the same group or fund group, provided that the transferee shall, if not already a party to the investment agreement, agree to be bound by the terms of the Investment Agreement (see below).</p> <p>For [PERIOD] following completion, the Founders shall not be able to transfer any shares without the Investors' permission. Thereafter, the Founders shall be permitted to transfer their shares to:</p> <ol style="list-style-type: none"> 1. any spouse, civil partner, child or grandchild (including step or adopted or illegitimate child and their issue); and 2. to the trustees of any family trust.
<p>Compulsory transfers:</p>	<p>In the event that any of the Founders leave the Company within [NUMBER] years of completion, they shall be required to sell their shares in the Company to the remaining members of the Company (on a pre-emptive basis) at fair market value.</p>
<p>Expenses:</p>	<p>Each party shall bear its own costs incurred in connection with the investment.</p>
<p>Documentation:</p>	<p>The parties shall agree definitive legal documentation to include warranties customary in other similar investments.</p>
<p>Non-binding effect:</p>	<p>This term sheet is not exhaustive and is not, and is not intended to be, legally binding except for the items set out from this point onwards, below.</p>
<p>Confidentiality:</p>	<p>The matters contemplated by this term sheet are to be treated as confidential and should not be disclosed to any person except:</p> <ol style="list-style-type: none"> (a) with the prior written consent of the other party; or (b) to the extent required to do so by law or by any regulatory or government authority of competent jurisdiction (including any listing authority or stock exchange on which a party's shares or those of any member of its group are listed or traded); (c) to the extent required to do so by a court of competent jurisdiction. <p>The Investor, the Founders and the Company agree that they will enter into a confidentiality agreement before the Investor commences its due diligence investigation.</p> <p>In the event that the investment does not take place, the Investor undertakes that it will not disclose or make use of for its own benefit or for the benefit of any other person or company, any of the information of a confidential nature relating to the Company which has been disclosed to it</p>

	during the course of its due diligence investigation and otherwise in connection with the proposed investment. The provisions of this term do not apply to any information which is publicly available at the time of disclosure unless disclosed through breach of the undertakings in this paragraph, and neither does it apply to any information disclosed by the parties to the extent that disclosure is required by any law or regulation.
Governing law:	This term sheet and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with them or their subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
Jurisdiction:	Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this term sheet or its subject matter or formation.
Signed by (Founder)	
Date	
Signed for and on behalf of (Investor)	
Date	

How We Can Help You With Your Investment

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