



Understanding Fundraising with VIMA

19 July 2022



Overview

1. VIMA
2. Timing and documents
3. What's missing from VIMA
4. Tips on using VIMA
5. Overview of the VIMA Shareholders' Agreement
6. Overview of the VIMA Subscription Agreement

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Faith is ranked as a leading corporate lawyer in Singapore by Chambers.

FSLAW is a boutique corporate law firm based in Singapore ranked among the top Singapore law firms for Startups & Emerging Companies by Chambers and Corporate & M&A, Private Equity, Capital Markets and Restructuring and Insolvency deals by asialaw Profiles and IFLR1000.

Faith has over 20 years' experience helping clients on corporate and commercial deals, completing transactions with a combined value exceeding US\$30 billion including during her time at Herbert Smith Freehills in Sydney and Linklaters in London. Faith also set up a legal department as the first General Counsel of a pharmaceutical business in Australia.

Recent transactions include acting for venture capital funds and alongside premier international law firms.



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Kelvin is a corporate and commercial lawyer, working with fsLAW since September 2016.

He has assisted clients on:

- Corporate transactions including equity raising through venture capital Series A and B fundings;
- Corporate restructuring exercises including advising and assisting on share buy-backs and capital reductions;
- Commercial contracts including licensing agreements, loan agreements, security agreements and guarantee agreements; and
- Employment agreements, employee share option plans and employment law issues in general.



Kelvin is a graduate of the National University of Singapore's Faculty of Law and was called to the Singapore Bar in 2018.

Jonathan Tan

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Jonathan is a corporate and commercial lawyer, working with fsLAW first in 2017 and joining the firm full-time in August 2019 after a stint as a litigator. He has assisted clients on:

- Corporate transactions including fundraising through venture capital seed funding;
- Corporate restructuring including share buybacks and a corporate restructuring exercise;
- Commercial agreements including terms & conditions for a music event, cross-border distribution agreements, non-disclosure agreements and assignments of intellectual property rights; and
- Employment agreements, employee share option plans and employment law issues in general.



Jonathan graduated from the Singapore Management University School of Law with a second major in finance and was called to the Singapore Bar in 2019.



Venture Capital Investment Model Agreements



<https://www.svca.org.sg/publications/vima-kit>

1. Venture Capital Lexicon
2. Series A Term Sheet (Long Form / Short Form)
- 3. Series A Subscription Agreement**
- 4. Series A Shareholders' Agreement**
5. Non-disclosure Agreement
6. CARE Agreement (Pre-Series A)

VIMA - Timing

1. Non-disclosure Agreement
2. Series A Term Sheet (Long Form / Short Form)
3. CARE Agreement (Pre-Series A)

VIMA - Timing

4. Fuller documentation

- Series A Subscription Agreement
- Series A Shareholders' Agreement

What documents are missing?

1. Capitalisation table

2. Due diligence

- Corporate documents – resolutions, registers
- Material contracts
- Financial statements



What documents are missing?

3. Resolutions
4. Constitution
5. Founders' agreement
6. ESOP

VIMA - Tips

- For a Series A raising
- Customise terms
- Understand why
- Get help to understand the range of customary

Shareholders' Agreement – An overview

1. How decisions about the business will be made,
2. How the business might grow,
3. How new shareholders may be introduced, and
4. How shareholders might exit the business.

Shareholders' Agreement – More detail

1. Directors - How many, who may appoint
2. Information rights - What type, who is it given to and how often
3. Voting or approval thresholds
4. Restrictions and pre-emptive rights on issues



Shareholders' Agreement – More detail

5. Restrictions and pre-emptive rights on transfers
6. Tag-along rights
7. Drag-along rights
8. Non-compete obligations
9. Confidentiality obligations



Series A Shareholders' Agreement

1. Investors are making a significant minority investment in a growth stage company incorporated in Singapore,
2. The investment instrument is Series A preference shares,
3. The documents are governed by Singapore law with Singapore being the forum for any dispute resolution.

Subscription Agreement – An overview

1. Payment for and issue of new shares in the Company
2. Terms of shares to be issued
3. Representations and warranties
4. Limitations on claims
5. Any actions after closing – conditions subsequent

No subscription agreement

- You'll need a subscription form
- Name, address, identification number, nationality
- Class of shares or sub-class of shares
- Number of shares
- Amount paid up or considered as paid up – currency
- Consideration given – lodging contracts where issue for no consideration

Why have a subscription agreement

- Address information asymmetry
 - Representations and warranties
 - Limitations on claims
- Bedding down part of a broader deal
 - Conditions precedent
 - Conditions subsequent

Further resources...

- Monthly Wednesday sessions on VIMA –
 - Updates here - <https://fslaw-asia.com/blog/> and here - <https://www.linkedin.com/company/fslaw>
 - Sign up to receive email updates on our sessions [here](#)
- Shareholders' agreement 101 - [FAQs about a key agreement](#)
- Board and shareholder control provisions – [3 key control concepts for a SHA](#)
- Transfer of shares provisions – [5 key concepts on transferring shares under a SHA](#)
- Board control provisions – [5 key options for board provisions in a SHA](#)
- Pre-emptives on transfers – [5 key options for pre-emptives on transfers in a SHA](#)
- Drag along rights – [5 key points on drag-along rights in a SHA](#)
- Reserved matters - [5 key considerations for a reserved matters list in a SHA](#)

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