



## Venture Capital Group

### Top Ten Legal Tips For Early Stage Companies

- 1 Ensure that basic corporate actions are carried out in compliance with company law, including the issue and redemption of shares, the maintenance of statutory registers and the making of regulatory filings
- 2 Ensure that the business relationship between the founders and other shareholders is properly documented in a formal shareholders' agreement
- 3 Ensure that share option and share warrant grants are properly documented
- 4 Do your homework on potential third party equity investors to find partners who will be a good 'fit'
- 5 Be careful not to cede too much equity and/or control to third party investors without receiving an appropriate level of benefit
- 6 Exercise caution in granting large amounts of options to founders, employees and consultants without proper incentive milestones
- 7 Exercise caution in paying wages and consultants' and advisers' fees in shares, options or warrants
- 8 Ensure that valuable intellectual property is protected in all relevant target markets
- 9 Be careful not to contract away valuable intellectual property rights
- 10 Ensure that employment arrangements are properly documented

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