

VIMA 2.0 – An Updated and Expanded Suite of Documents for Start-up / Venture Capital Investments

Following the successful launch of the Venture Capital Investment Model Agreements (“VIMA”) back in October 2018 (please refer to our [update dated 25 October 2018](#)), we are pleased to share that the VIMA has been updated and expanded to reflect current market trends and to incorporate feedback from users following industry consultation (the updated and expanded documents, “VIMA 2.0”).

The VIMA is a joint initiative between the Singapore Academy of Law and the Singapore Venture and Private Capital Association and comprises a practical set of standard-form model documents that have been calibrated to balance the interests of both the investor and the company. With the VIMA as a considered starting point, the scope of open issues is narrowed and the need for extensive negotiations between parties is reduced, thereby facilitating efficacious investment rounds and allowing founders to focus on what matters the most – the business of their companies.

We are proud to be a member of the core Working Group for the VIMA (“**Working Group**”) since its first iteration in 2018.

With the VIMA 2.0 being a culmination of an industry-wide consultation and collaboration by over 50 venture capitalists, domestic and international law firms and Singapore agencies, the key upgrades and additions include:

Series A

The Series A suite of documents (such as the term sheets, share subscription agreement and shareholders’ agreement) have been further refined with more annotations to better guide the user in using the documents and alternative provisions to reflect market developments and changes since 2018. For example, the share subscription agreement is now structured to split signing and completion to reflect the increasing need for investors to factor in a time period to call funds. It also incorporates a disclosure schedule to eliminate the need for a separate disclosure letter.

The VIMA 2.0 has also introduced a model convertible note purchase agreement to capitalise on the growing trend of raising short-term bridging rounds, given that this tends to be the preferred instrument for such investments. A model constitution has also been added corresponding to the relevant provisions of the Series A shareholders’ agreement so that users can now adopt the entire suite of documents seamlessly.

Another useful addition to the Series A suite of documents is the primer on employee share option plans, which sets out a high-level overview of certain types of employee incentive plans commonly used among start-ups in Singapore and the pertinent factors to consider in designing and implementing such plans, such as key tax considerations in Singapore.

Pre-Series A

One of the main categories of feedback received in relation to the VIMA was the need for a tailored set of documents to address some key founder and company establishment issues prior to the first formal

fundraise of the start-up. The Working Group has therefore introduced the pre-Series A suite of documents, while recognising the nuances in the different documents for the pre-Series A and Series A stages. The pre-Series A market is highly challenging because founders often have to prioritise between investing time and money in drafting legal documents and growing the company's business. The pre-Series A suite is a basic set of documents that addresses some key founder and company establishment issues, with the intention that as the business grows, these documents may be superseded by and/or used in conjunction with the more complex and sophisticated documents in the Series A suite.

The pre-Series A suite of documents includes a founders' agreement which governs the rights and obligations of founders as shareholders in the company and an employee deed of assignment of intellectual property rights which, in addition to the main provisions on the assignment of intellectual property rights, also contains a sample set of warranties from the assignor on ownership of intellectual property rights and the originality of work.

ESG Letter Agreement

There is currently no standard set of terms in the market for the documentation of environment, social and governance (“**ESG**”) obligations. With investors shifting their focus to ESG-related commitments and founders realising how ESG can value-add to their business, the Working Group hopes to address this market gap with the model ESG letter agreement, which provides a consolidated reference for incorporating ESG-related provisions in the financing of a Singapore company. The ESG letter agreement also helps the investor to monitor the company's ESG-related performance by way of reporting obligations on the part of the company. The Working Group has prepared both a long-form and a short-form version of the ESG letter agreement and early stage companies may consider using the short-form letter agreement, while later stage companies, growth or mature companies may consider using the long-form letter agreement.

The VIMA 2.0 are freely available for download on the [SAL](#) and [SVCA](#) websites.

We are confident that the VIMA 2.0 will continue to contribute to the vibrancy and growth of Southeast Asia's venture capital scene. In line with this, we are pleased to introduce our WPGrow: Start-Up / Venture Capital Practice which brings together expertise from various practice groups to offer comprehensive advice to our clients in this area.

If you would like information on this, you may wish to contact the Partner at WongPartnership whom you normally deal with or any of the following contacts in our Start-Up / Venture Capital Practice:



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