

# Simple Agreement for Future Equity (SAFE)

May 2, 2018

## **State. Investment Agreement Signed**

Company or Arbiter may:

- Announce an Equity Financing, or
- Announce an IPO, or
- Announce a Change-of-Control, or
- Announce a Dissolution

## **Equity Event**

### **Company or Arbiter action. Announce an Equity Financing**

Company must Deliver Transaction Docs<sup>1</sup>

### **Company action. Deliver Transaction Docs**

If Investor's Pro Rata Rights are already included in the Transaction Docs, then  
Go to PRA Executed.

Otherwise,

Company must Send PRA For Signing.

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<sup>1</sup>Or, depending on answers to my questions in Slack/Asana:  
Company may Deliver Transaction Docs  
Arbiter may Intervene On Delay By Company

## Company action. Send PRA For Signing

Note: this next bit should probably be provided by a little "execute an agreement" module.

Investor may Sign the PRA

Investor may Dispute the PRA

## Investor action. Sign the PRA

Go to PRA Executed.

## Investor action. Dispute the PRA<sup>2</sup>

### State. PRA Executed

Company may Issue SAFE Preferred Stock

## Company action. Issue SAFE Preferred Stock

Company must provide parameters:

- Company Capitalization, which is a Positive Share Count
- Premoney Valuation, which is a Positive USD Amount

Define:

- Undiscounted Standard Preferred Price is  $\frac{\text{Premoney Valuation}}{\text{Company Capitalization}}$
- Capped Standard Preferred Price is  $\frac{\text{VALUATION CAP}}{\text{Company Capitalization}}$
- Discounted Standard Preferred Price is

$$\text{DISCOUNT RATE} * \text{Undiscounted Standard Preferred Price}$$

- *Conversion Price* is the lesser of Capped Standard Preferred Price and Discounted Standard Preferred Price.
- *Investor's SAFE Preferred Stock* increases by

$$\left\lceil \frac{\text{PURCHASE AMOUNT}}{\text{Conversion Price}} \right\rceil$$

Go to Investor to Choose Method of Payment.

**State. Investor to Choose Method of Payment**

- Investor may Choose Cash Payment within 1 week.
- Investor may Choose Stock Payment within 1 week.
- Stock Payment Chosen Automatically after 1 week.