Simple Agreement for Future Equity (SAFE)

May 3, 2018

The parameters to the contract are:

- PURCHASE AMOUNT, which is a positive USD amount.
- DISCOUNT RATE, which is a fraction in the range (0,1].
- VALUATION CAP, which is a positive USD amount.

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

1 Equity Event

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

Company must Deliver Transaction Docs.[1]

Company action **Deliver Transaction Docs**

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

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

Otherwise,
Company must Send PRA For Signing.

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

Note: Skipping till I get more requirements. This flow eventually ends up at PRA Executed or a breach.

𝔖𝔱𝔞𝔱𝔢 PRA Executed

Company may Issue SAFE Preferred Stock

Company 𝔞𝔠𝔱𝔦𝔬𝔫 Issue SAFE Preferred Stock

Company must provide:

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

Define:

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

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

2 IPO

3 Change-of-control Liquidity Event

4 Dissolution