

Equity Agreement

This agreement is between _____ a corporation incorporated under the laws of _____ whose registered office is situated at _____

_____ (the Owner); and

_____ of _____

_____ (the Contractor);

and is executed on _____ and which is intended to transfer equity in _____ (Project) from Owner to the Contractor at the Agreed Rate over the Agreed Period and subject to the Risk and other conditions listed in the following points:

1. Project Incorporation date is _____
2. Agreed Rate is ____% of equity in Project per year in lieu of a full-time salary-equivalent of \$_____ per 1800 hours of work per year.
3. The same Agreed Rate applies pro rata if acquiring equity on a part-time basis at an hourly rate.
4. The Agreed Rate will be adjusted up or down on each anniversary of Project Incorporation to be equal to the actual equity value established by the most recent external investment in Project.
5. Agreed Period is ____ years from Project Incorporation
6. Risk: It is possible that the Project will fail at any time for any reason and be worth nothing. If Project fails, all participants including Contractor may elect to open-source the developed work rather than sell it in an attempt to recover costs.
7. Contractor will execute a binding non-disclosure agreement which protects Project.
8. Owner will maintain a Project business plan which will remain available to Contractor.
9. With approval of existing equity holders external capital will be sought from time to time .
10. Contractor cannot become an employee while receiving equity in lieu of salary-equivalent.
11. If Project earnings permit, Contractor may become an employee with salary in lieu of further equity. Equity earned so far may be kept or traded in-house.
12. Owner will post an in-house monthly Project report which nominates a notional or planned equity value. On the next business day only, all stakeholders except Owner may optionally trade their equity in-house at or above the nominated price.
13. Contractor may purchase additional equity at the Agreed Rate or the most recently traded in-house equity value whichever is higher.
14. If Contractor leaves Project, all acquired equity must be offered for purchase by remaining stakeholders at the Agreed Rate or at the most recent price at which equity was actually traded whichever is higher. If this occurs prior to external investment, Contractor may have to wait until such investment before receiving proceeds of this equity buy-back. However, if Contractor leaves the Project and wishes to retain acquired equity, Contractor must obtain a favourable two-thirds majority vote in a secret ballot among remaining equity holders including Owner.

15. Intellectual property developed by Contractor relating to design of the Project system and sub-systems is owned 100% by Project. Intellectual property developed by Contractor relating to algorithmic solutions and methods for achieving the design is also owned 100% by Project but may be released under a free open-source licence with Project's permission which will not be unreasonably withheld.
16. Copyright in code developed by Contractor is owned 100% by Project.
17. At the end of the Agreed Period this agreement automatically terminates but Project ownership of intellectual property and copyright persists indefinitely.
18. Disagreement must be settled in-house by the people involved or if that isn't possible, disagreement must be settled via arbitration by a mutually agreed independent person.
19. Ambiguities in this agreement must be interpreted in favour of Project success.
20. This agreement is governed by and construed in accordance with the laws of _____ and the parties hereby submit themselves to that jurisdiction.

Executed by the parties on the first date mentioned above:

)	
)	
)	
For Owner)	
_____)	_____
Name)	Signature
)	
)	
)	
)	
Witness:)	
_____)	_____
Name)	Signature
)	
)	
)	
)	
For Contractor)	
_____)	_____
Name)	Signature
)	
)	
)	
)	
Witness:)	
_____)	_____
Name)	Signature