

Venture capital funds are interesting peculiar animals which have a lot of different entities and sometimes we need to move shares around between these entities. Thus, we need the ability to assign our shares.

Clint: What does it mean to assign shares?

Jason: Venture firms have a lot of different entities for a lot of different reasons which are beyond scope this series.

Safe to say that when Foundry Group or other VCs invest in a company, they may be doing so through multiple entities and sometimes, we have issues where we need to transfer shares between these entities. It affects in no way the entrepreneur or our investment in the company but it allows us to transfer shares between this similar subsidiaries.

Normally, these things would get caught up in the co-sale agreement, the right of first refusal. This is a way of saying, “Look. If it’s part of the Foundry family or part of a particular venture family, you can transfer shares between the family and it’s all okay.”