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## Stock subscription agreement pdf

If your startup is raising capital, you will need a number of documents before the money reaches your company bank account. A share subscription agreement is one document you may require. Although not every raise requires this agreement, it is essential for founders to know when it is necessary to have one in place. Where Does a Share Subscription Agreement Fit Into the Capital Raise? If you are thinking about finalising your investment terms in a legal document, you have likely already found a potential investor and wooed them with your pitch. At this stage, it is common to use a term sheet to negotiate the key terms of the deal between you and your investor. The term sheet is generally non-binding. So, once you and your investor agree upon the final terms, you would formalise this through both: a shareholders agreement (if there is not already one in place); and a share offer document. What Goes Into a Share Subscription Agreement? A share subscription agreement sets out the mechanics of the investment and will specify: the company issuing the shares; the investor purchasing the shares; how many shares the startup is issuing; if the shares are subject to any conditions such as vesting; the class of those shares; the subscription price for those shares; and when/how the startup will issue the shares. Additionally, a share subscription agreement will include company (and sometimes founder) representations and warranties. These warranties are for the benefit of the investor – they essentially help them know what they are getting themselves into without having to do any extensive due diligence themselves. The warranties can include statements to the effect that: all material and information the company or founder (as applicable) supplied is accurate and complete; the company or founder (as applicable) is not aware of any matters which present a litigation risk; and the company possesses all intellectual property rights necessary to conduct its business. Continue reading this article below the form As mentioned above, a share subscription agreement is just one type of share offer document. If your investor has not requested a share subscription agreement, it would not be in the company's interest to offer this up. An alternative is a share offer or share subscription letter. This is a shorter document that sets out the key terms and mechanics of the investment. However, it does not contain the company or founder warranties. Therefore, you get all the upside from the additional investment without the potential downsides associated with guarantees and liabilities. Instead, the investor must conduct their own due diligence. A share offer or share subscription letter is commonly used in seed or series A rounds when raising from family and friends or angel investors. It is less common in later rounds or where venture capital (VC) investors are involved. If you are raising from a venture capitalist, they will probably insist on having a share subscription agreement containing detailed representations and warranties from the Company and its founders. Issuing Further Capital and Anti-Dilution Rights If you have investors coming on early in your startup's life, you may want to guarantee your rights to issue further capital. On the flip side, investors may want to ensure their level of control within the company is not diminished unilaterally over time. So, you should prioritise addressing these compelling needs. One option is to cover these details in a shareholders agreement. However, you want to ensure that your business plan and your relationship with members and directors are not impeded by your desire to issue capital via successive share subscription agreements. Instead, your collective corporate governance documents should facilitate the growth of the company in line with members' wishes. What Comes Next? Once parties sign the share subscription agreement, the investor and company must follow the investment procedure set out in the document, namely: company/board (as required) will pass a resolution approving the issuance of new shares; investor will pay the subscription money; company will issue the investor with a share certificate; and company will update its Members Register and notify ASIC of the new shareholder and its shareholding.

### SHARE SUBSCRIPTION AGREEMENT

BETWEEN

**[Name of Subscriber]** (**SPIC No. / Company No.**) having an address at **[Address]** (the

"Subscriber");

And

**[Name of Company]** (**Company No.**) a private limited company incorporated in Malaysia

with its address at **[Address]** (the "Company").

(The Subscriber and the Company are hereinafter referred to as "Party" or collectively as

"Parties" as the context permits).

RECITALS

A. The Company has an issued share capital of **[RM]** divided into **[number of shares]** shares.

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The LegalVision Startup Manual provides guidance on a number of common challenges faced by startup founders including structuring, raising capital, building a team, dealing with customers and suppliers, and protecting intellectual property. The guide includes 10 case studies featuring Australia's top VC fund partners and leading Australian startups. Download Now Key Takeaways As a startup founder, you can use a share subscription agreement to formalise the terms of an investment. This can be particularly helpful when you are raising money from an investor and wish to legally bind them to the deal. Likewise, a share subscription agreement will detail the investment process and terms. Notably, the document can contain investor-friendly company warranties and sometimes founder warranties. So, you should carefully consider whether it is necessary to enter into one or whether a share subscription letter will suffice. If you need help with raising capital, our experienced capital raising lawyers can assist as part of our LegalVision membership. For a low monthly fee, you will have unlimited access to lawyers to answer your questions and draft and review your documents. Call us today on 1300 544 755 or visit our membership page. Frequently Asked Questions What is a share subscription agreement? A share subscription agreement is a legal document between a startup and an investor. It will detail the mechanics of the investment, including the company issuing the shares and the investor purchasing the shares. It will also include details regarding how many shares the startup is issuing and the class of those shares. When would a share subscription agreement be necessary? Startup founders will typically use a share subscription letter in seed or series A rounds when raising from family and friends or angel investors. It is less common in later rounds or where venture capital investors are involved. Thanks! We appreciate your feedback - your submission has been successfully received. Share this article Twitter Facebook LinkedIn Tags raising capital capital raising Share Subscription Agreement STOCK SUBSCRIPTION AGREEMENT The undersigned hereby offers to subscribe for the number of shares of CommonStock (the "Shares") of (the "Company") set forth on the signature page of this Subscription Agreement at a price of \$ \_\_\_\_\_ per Share. By execution of this Subscription Agreement, the undersigned hereby acknowledges that the undersigned understands that the Company is relying upon the accuracy and completeness hereof in complying with its obligations under applicable federal and state securities laws. The undersigned further acknowledges and certifies that the undersigned received and read the Private Placement Memorandum of the Company dated \_\_\_\_\_ and any supplements thereto (the "Private Placement Memorandum"), and the undersigned is familiar with the terms and provisions thereof. The undersigned agrees and represents as follows: 1. Representations, Warranties and Agreements .The undersigned hereby represents and warrants to, and agrees with, the Company, as follows: (a) That the undersigned is aware of the following: (1) The Shares are speculative investments which involve a substantial degree of risk of loss by the undersigned of the undersigned's entire investment in the Company and that the undersigned understands and takes full cognizance of the risk factors related to the purchase of the Shares, including, but not limited to those set forth in the Private Placement Memorandum; (2) The Company is newly formed and has been operating at a loss and may do so for the foreseeable future; (3) There are significant restrictions on the transferability of the Shares; the Shares will not be, and the investors will have no rights to require that the Shares be registered under the Securities Act of 1933 (the "Act") or any state securities laws; there is no public market for the Shares and none is expected to develop; and, accordingly, it may not be possible for the undersigned to liquidate the undersigned's investment in the Company; (4) No federal or state agency has made any findings as to the fairness of the terms of the offering; and (5) Any projections or predictions that may have been made available to investors are based on estimates, assumptions and forecasts which may prove to be incorrect; and no assurance is given that actual results will correspond with the results contemplated by the various projections; (b) That at no time has it been explicitly or implicitly represented, guaranteed or warranted to the undersigned by the Company, the agents and employees of the Company, or any other person: (1) That the undersigned will or will not have to remain as owner of the Shares an exact or approximate length of time; (2) That a percentage of profit and/or amount or type of consideration will be realized as a result of this investment; (3) That any cash dividends from Company operations or otherwise will be made to shareholders by any specific date or will be made at all; or (4) That any specific tax benefits will accrue as a result of an investment in the Company; (c) That the undersigned is financially responsible, able to meet all obligations hereunder, and acknowledges that this investment will be long-term and is by nature speculative; (d) That the undersigned has received and carefully read and is familiar with the Private Placement Memorandum, this Subscription Agreement, and all other documents in connection therewith, and the undersigned confirms that all documents, records and books pertaining to the investment in the Company have been made available to the undersigned and/or to the undersigned's personal investment, tax and legal advisers, if such advisers were utilized by the undersigned; (e) That the undersigned has relied only on the information contained in the Private Placement Memorandum and that no written or oral representation or information that is in any way inconsistent with the Private Placement Memorandum and has been made or furnished to the undersigned or to the undersigned's purchaser representative in connection with the offering of the Shares, and if so made, has not been relied upon; (f) That the undersigned is capable of bearing the high degree of economic risk and burdens of this venture including, but not limited to, the possibility of complete loss of investment and the lack of a public market which may make it impossible to readily liquidate the investment whenever desired; (g) That the undersigned is an "accredited investor" as that term is defined in Regulation D under the Act or is otherwise a sophisticated, knowledgeable investor (either alone or with the aid of a purchaser representative) with adequate net worth and income for this investment; (h) That the undersigned has knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), is capable of evaluating the merits and risks of an investment in the Company and its proposed activities and has carefully considered the suitability of an investment in the Company for the undersigned's particular financial situation, and has determined that the Shares are a suitable investment; (i) That the offer to sell Shares was communicated to the undersigned by the Company in such a manner that the undersigned was able to ask questions of and receive answers from the Company concerning the terms and conditions of this transaction and that at no time was the undersigned presented with or solicited by any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of advertising or general solicitation; (j) That the Shares for which the undersigned hereby subscribes are being acquired solely for the undersigned's own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof; and the undersigned agrees that such Shares will not be sold without registration under the Act or an exemption therefrom. In furtherance thereof, the undersigned will not sell, hypothecate or otherwise transfer the undersigned's Shares unless the Shares are registered under the Act and qualified under applicable state securities laws or unless, in the opinion of the Company, an exemption from the registration requirements of the Act and such laws is available; (k) That the undersigned has had prior personal or business relationships with the Company or its affiliates, or by reason of the undersigned's business or financial experience (either alone or with the aid of a purchaser representative), the undersigned has the capacity to protect the undersigned's own interest in connection with this transaction; (l) That the undersigned has been advised to consult with the undersigned's own attorney regarding legal matters concerning an investment in the Company and has done so to the extent the undersigned considers necessary; (m) That the undersigned certifies, under penalty of perjury, (i) that the social security or Tax Identification Number set forth herein is true, correct and complete, and (ii) that the undersigned is not subject to backup withholding either because the undersigned has not been notified that the undersigned is subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified the undersigned that the undersigned is no longer subject to backup withholding; and (n) That the undersigned acknowledges that the Private Placement Memorandum reflects the Company's current intentions and estimates at the current time, and as with any developing company, the precise elements of the Company's plans can be expected to change from time to time. 2. Indemnification . The undersigned shall indemnify, defend and hold harmless the Company, and any officers, employees, shareholders, partners, agents, directors or controlling persons of the Company (collectively the "Indemnified Parties" and individually an "Indemnified Party") who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against losses, liabilities and expenses of each Indemnified Party (including attorneys' fees, judgments, fines and amounts paid in settlement, payable as incurred) incurred by such person or entity in connection with such action, arbitration, suit or proceeding, by reason of or arising from (i) any misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned, including, without limitation, the information in this Subscription Agreement, or (ii) litigation or other proceeding brought by the undersigned against one or more Indemnified Parties wherein the Indemnified Party is the prevailing party. 3. Entity Investors . If the undersigned is an entity, trust, pension fund or IRA account (an "Entity"), the Entity and the person signing on its behalf represent and warrant that: (i) such Entity is an existing entity, and has not been organized or reorganized for the purpose of making this investment (or if not true, such fact shall be disclosed to the Company in writing along with