

# SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE)

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This Simple Agreement for Future Equity (this "**SAFE**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[COMPANY LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. corporation] with its principal place of business at [COMPANY ADDRESS] (the "**Company**"); and

[INVESTOR LEGAL NAME], an individual / a [STATE] [ENTITY TYPE] with an address at [INVESTOR ADDRESS] (the "**Investor**").

The Company and the Investor are each a "**Party**" and together the "**Parties**."

**Recitals.** The Investor wishes to make an investment in the Company in exchange for the right to receive equity in the future on the terms below. This SAFE is not a debt instrument; it is a right to future equity. It does not bear interest, has no maturity date, and the Investor is not entitled to repayment except as expressly stated on a dissolution or liquidity event. The securities issuable under this SAFE have not been registered under applicable securities laws and are offered in reliance on exemptions. In consideration of the [PURCHASE AMOUNT] paid by the Investor (the "**Purchase Amount**"), the Parties agree as follows.

## 1. Definitions

**1.1 Equity Financing.** "**Equity Financing**" means a bona fide transaction or series of transactions in which the Company issues and sells preferred stock or other equity to investors primarily to raise capital, with total proceeds of at least [FINANCING THRESHOLD, or "any amount"].

**1.2 Valuation Cap.** "**Valuation Cap**" means [VALUATION CAP AMOUNT], used to calculate the price at which this SAFE converts.

**1.3 Discount Rate.** "**Discount Rate**" means [e.g. 80% (a 20% discount), or "100% (no discount)"], applied to the price per share in an Equity Financing.

**1.4 Liquidity Event.** "**Liquidity Event**" means a change of control or an initial public offering of the Company.

**1.5 Dissolution Event.** "**Dissolution Event**" means a voluntary or involuntary winding up or dissolution of the Company, or a general assignment for the benefit of creditors.

**1.6 Capitalization.** "**Capitalization**" means the Company's outstanding shares on a fully diluted basis, calculated as specified in this SAFE for the relevant event.

## 2. Conversion in an Equity Financing

**2.1 Automatic conversion.** If an Equity Financing occurs before this SAFE terminates, this SAFE will automatically convert into shares of the equity issued in that financing (the "**SAFE Preferred Stock**").

**2.2 Conversion price.** The number of shares the Investor receives equals the Purchase Amount divided by the lower of: (a) the price per share in the Equity Financing multiplied by the Discount Rate; and (b) the price per share implied by dividing the Valuation Cap by the Company's Capitalization immediately before the financing.

**2.3 Rights of SAFE Preferred Stock.** The SAFE Preferred Stock will have the same rights and preferences as the equity issued in the Equity Financing, except that liquidation and dividend terms may be adjusted to reflect the lower conversion price, as the financing documents provide.

### 3. Liquidity Event

**3.1 Investor election.** If a Liquidity Event occurs before this SAFE converts or terminates, the Investor will, at its option, receive the greater of: (a) the Purchase Amount (the "**Cash-Out Amount**"); or (b) the amount payable on the number of shares of common stock equal to the Purchase Amount divided by the price implied by the Valuation Cap divided by the Capitalization (the "**Conversion Amount**").

**3.2 Priority.** The Cash-Out Amount is payable after outstanding indebtedness and amounts owed to holders of preferred stock with senior liquidation rights, but before distributions to holders of common stock, unless the Investor elects the Conversion Amount.

**3.3 Insufficient proceeds.** If there are not enough funds to pay all SAFE holders their Cash-Out Amounts in full, the available funds will be distributed pro rata among the SAFE holders based on their Purchase Amounts.

### 4. Dissolution Event

**4.1 Payment on dissolution.** If a Dissolution Event occurs, the Company will pay the Investor the Purchase Amount, after satisfying creditors but before distributions to holders of common stock, to the extent funds are available.

**4.2 Pro rata.** If available funds are insufficient, the Company will distribute them pro rata among SAFE holders based on their Purchase Amounts.

**4.3 Termination.** After full payment under this Section, this SAFE terminates and the Company has no further obligation to the Investor.

### 5. Termination

**5.1 Events of termination.** This SAFE terminates and has no further force on the earliest of: (a) the issuance of equity to the Investor under Section 2; (b) the payment or setting aside of amounts due under Section 3 or Section 4; or (c) the mutual written agreement of the Parties.

### 6. Company Representations

**6.1 Organization and authority.** The Company is duly organized, validly existing, and has the power to execute and perform this SAFE.

**6.2 Valid issuance.** The shares issuable under this SAFE, when issued, will be duly authorized and validly issued.

**6.3 No conflict.** Performance of this SAFE does not violate the Company's charter documents or any material agreement binding on the Company.

## 7. Investor Representations

**7.1 Investment intent.** The Investor is acquiring this SAFE for its own account for investment and not with a view to distribution.

**7.2 Accredited status.** The Investor is an **[accredited investor where applicable]** and can bear the economic risk of the investment, including total loss.

**7.3 Securities law acknowledgment.** The Investor understands that this SAFE and any securities issued under it are not registered, are subject to transfer restrictions, and are offered in reliance on exemptions that vary by jurisdiction.

## 8. General Provisions

**8.1 Governing law and venue.** This SAFE is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules. The Parties submit to the jurisdiction of the courts located in **[COUNTY, STATE]**. Securities-law requirements and investor-protection rules vary by jurisdiction; local law controls where it differs.

**8.2 Transfer.** The Investor may not transfer this SAFE except in compliance with applicable securities laws and with the Company's prior written consent, which will not be unreasonably withheld for transfers to affiliates.

**8.3 Amendment and waiver.** This SAFE may be amended or waived only with the written consent of the Company and the Investor (or, for SAFEs issued on the same form, the holders of a majority by Purchase Amount, which binds all such holders).

**8.4 Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

**8.5 Entire agreement; severability.** This SAFE is the entire agreement between the Parties on its subject. If any provision is unenforceable, the rest remains in effect.

**8.6 Counterparts and electronic signature.** This SAFE may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

**IN WITNESS WHEREOF**, the Parties have executed this SAFE as of the Effective Date.

### COMPANY

### INVESTOR

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE]**

Title: **[TITLE or N/A]**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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