

LIECHTENSTEIN VENTURE COOPERATIVE

FORMATION DOCUMENT TEMPLATE

DISCLAIMER:

This translation is based on the formation document template of a Liechtenstein Venture Cooperative LVC written in German. This document is provided for information purposes only and is not intended to be used for the formation of a Liechtenstein Venture Cooperative, as English is not the official language of the Principality of Liechtenstein. The Government of Liechtenstein does not assume any liability for the quality of the translation.

FOR INFORMATION ONLY

{NAME} COOPERATIVE

FOR INFORMATION ONLY

STATUTES

I. **Definitions**

Art. 1

In these Statutes as well as all other documents issued under these Statutes, the following shall apply as far as this is permitted by the context:

- a) the singular also includes the plural;
- b) reference to one gender also includes the other gender;
- c) the term “annex” refers to a written instrument attached to this or any other document that forms an integral part of the document in question;
- d) the term “documents” refers to the Declaration of Formation, these Statutes, the Innovation Document, Regulations and annexes;
- e) the term “Formation Deed” refers to these Statutes together with the Declaration of Formation;
- f) the term “invention” refers to the idea for a new product, service or business model as the basis for an innovation;
- g) the term “innovation” refers to the result of the process for turning the invention into a successful product or business model;
- h) the term “LVC” is the abbreviation for “Liechtenstein Venture Cooperative”, i.e. the legal entity established through this document;
- i) the term “founder(s)” refers to the person(s) who has/have established the LVC;
- j) the term “innovator(s)” refers to the person(s) who has/have contributed the idea as the basis for the LVC;
- k) the term “Innovation Document” refers to the document issued by the founders in accordance with Article 3.2 of these Statutes that defines the invention as well as the interim steps in the innovation process;
- l) the term “person” refers to natural and legal persons, institutions and organizations;
- m) the term “PGR” refers to the Liechtenstein Persons and Companies Act in the version applicable on the date on which the cooperative was established;
- n) the term “mental or physical disability” refers to the inability of a member of the Management Board to make appropriate financial decisions or to communicate them orally or in writing in a readily understandable manner;
- o) the term “Regulations” refers to a document issued by the founders, the members’ meeting and/or the Management Board and containing internal rules pertaining to the execution of the Statutes and/or the Innovation Document;
- p) the term “shareholder” refers to a member to whom a share (unit) in the LVC has accrued;
- q) the term “Management Board” refers to the body that conducts the LVC’s business in accordance with the statutory requirements and the applicable documents in accordance with Article 13 ff;

- r) the term “member of the Management Board” refers to a present or future member of the Management Board;
- s) all powers granted to the members of the Management Board either in a document or by operation of the law (as far as the context permits) may be exercised on a recurring basis and at all times during the existence of the LVC;
- t) these powers are such that they are exercised by the members of the Management Board at their own free discretion in the best interests of the business purpose of the LVC;

II. Description of the LVC

1. Name and location

Art. 2

A legal entity in the form of a small cooperative has been established under the name

“{Name} Cooperative”,

hereinafter referred to in these Statutes as **“LVC”**, in accordance with Art. 483 ff PGR.

The LVC shall come into being upon the Statutes and the Formation Deed being signed by the founders. The LVC shall not be filed or registered in the Liechtenstein public registry.

The LVC shall have its registered office in {municipality in Liechtenstein}, Liechtenstein.

2. Purpose

Art. 3

The purpose of the LVC shall be to develop the invention for market readiness or at least a stage in which further development or the sale and marketing of the innovation is possible.

The interests of the innovators and other parties involved shall be duly supported so that this new idea can be successfully implemented. The innovation shall be developed autonomously. To this end, the members shall make a contribution to the LVC in the form of money, work, expertise or the like towards the development and advancement of the innovation. Their contribution shall be quantified in member points. The members shall adopt at their meeting separate Contribution Regulations governing the calculation of the member points awarded for the respective contributions.

The invention and the innovation shall be defined in the Innovation Document. The individual development steps shall be defined separately in addenda to the Innovation Document (“addenda”).

The Innovation Document and the addenda shall each be signed by the members of the Management Board, it being agreed that the Chairman’s signature at least shall be officially certified. The Management Board may authorise the Chairman to sign the Innovation Document and addenda on behalf of the Management Board. The Innovation Document and the addenda are confidential and shall be stored in a safe place. They may also be deposited with the Office for Justice, Public Registry Department.

III. Finance

1. Financial resources

Art. 4

The activities of the LVC shall be particularly financed by the issue of member points. The Management Board may also access other sources of finance provided that this does not have any adverse effect on the cooperative’s object.

However, a material part of the LVC’s input shall stem from the development of the innovation and the related increase in value. All forms of contributions (money, expertise, work, infrastructure etc.) that increase the value of the innovation shall be remunerated with the issue of member points. The details shall be governed by the Contribution Regulations. Accordingly, the LVC’s capital shall comprise the sum total of the member points, reflecting the value of the innovation.

2. Management of assets

Art. 5

The Management Board shall manage the LVC's assets.

3. Liability

Art. 6

The LVC's liabilities shall be limited to the value of its assets. The members shall have no personal liability.

IV. Organisation

1. Administrative bodies

Art. 7

The LVC shall have the following bodies:

- a) the members' meeting
- b) the Management Board
- c) the auditors
- d) commissions and delegates in accordance with the resolutions and Regulations adopted by the members' meeting

2. Members' meeting

- a) General

Art. 8

The members' meeting is the assembly of all cooperative members (referred to as "**members**" in these Statutes) Each member shall have at least one voting right at the members' meeting. The voting rights shall be based on the profit entitlement defined in the Contribution Regulations.

The members' meeting shall be the LVC's ultimate decision-making body (meeting of the cooperative members as defined in Art. 490 PGR).

The members' meeting shall be held annually within seven months of the end of the previous financial year. The financial year shall be the same as the calendar year.

An extraordinary members' meeting shall be held if either one third of the members request such a meeting in a joint written declaration including the agenda or if the Management Board considers such a meeting to be necessary.

b) Invitation to members' meeting

Art. 9

A written invitation to the members' meeting including details of the agenda shall be served on the members in good time, however no later than 14 days before the date of the meeting. As a rule, the members' meeting shall be held in Liechtenstein. However, it shall also be possible for the members' meeting to be held virtually (e.g. via Skype). If a virtual members' meeting is held, the Chairman at least must be physically present.

Members shall submit motions to the Management Board in good time so that these can be placed on the agenda. Only motions of minor importance (miscellaneous) do not have to be expressly placed on the agenda.

c) Quorum

Art. 10

The members' meeting shall be deemed to have the requisite quorum if at least half of the members are present in person or by proxy. If the members' meeting does not have the requisite quorum, a second meeting shall be convened as soon as possible, however no later than within one week. This second meeting shall be deemed to have the requisite quorum regardless of the number of members who are present in person or by proxy.

Members may arrange to be represented by other cooperative members. One member may represent a maximum of two other members.

d) Resolutions

Art. 11

In the absence of any provisions to the contrary in these Statutes, the members' meeting shall pass its resolutions with a simple relative majority of the votes cast.

e) Responsibility

Art. 12

The members' meeting shall be responsible for:

- a) approving the Management Board's annual report;
- b) approving the minutes of the last members' meeting;
- c) approving the annual accounts;
- d) approving any other reports;
- e) ratifying the actions of the Management Board, the auditors, any commissions and any delegates;
- f) electing the Management Board and the auditors;
- g) setting up committees and appointing delegates;
- h) excluding members;
- i) amending the Statutes (Art. 21);
- j) passing a resolution to dissolve the LVC;
- k) issuing regulations (regulations for members' meetings), in particular the Contribution Regulations
- j) passing resolutions on motions submitted by the Management Board of fundamental importance. If a resolution is required urgently or the guidelines for passing a resolution are included in the regulations for the members' meeting, the Management Board may also make decisions on such matters.

- f) Management

Art. 13

The member's meeting shall be chaired by the Chairman of the Management Board.

The Management Board Secretary shall take the minutes of the members' meeting.

3. Management Board

a) General

Art. 14

The Management Board shall have {number} to {number} members. It shall be self-constituting. However, the Chairman and the Deputy Chairman shall be determined by the members' meeting.

They shall hold office for two years. Re-election shall be permissible.

The Management Board shall adopt its own regulations (Management Board Regulations), which shall particularly govern its organisation as well as the convocation, quorum and chairing of the Management Board meetings.

The majority of Management Board meetings shall be held in Liechtenstein. Minutes shall be taken of the Management Board meetings.

b) Responsibility

Art. 15

The Management Board shall conduct the business required to achieve the LVC's purpose. In particular, it shall be responsible for

- a) representing the LVC in relations with outside parties;
- b) organising and overseeing the development of the invention into an innovation and for market readiness, or at least to a stage in which further development or the sale and marketing of the innovation is possible;
- c) preparing and convening the members' meeting;
- d) maintaining the share register (Art. 18);
- e) preparing the annual financial statements as of {date} each year;
- f) {miscellaneous}.

In addition, the Management Board shall hold all powers that are not expressly allocated to other bodies.

4. Auditors

Art. 16

The Management Board may appoint auditors. The auditor's office shall comprise one or two persons elected by the members' meeting. It is not necessary for the auditors to be members. They must not be members of the Management Board. They shall hold office for two years. Re-election shall be permissible.

The auditor's office shall examine the balance sheet, inventories, the orderly allocation of member points, the accuracy of the share register, the income statement, and the rest of the LVC's bookkeeping as to its compliance, correctness and reliability. It shall submit a corresponding written report to the members' meeting.

5. Commissions and delegates

Art. 17

The members' meeting and also the Management Board may establish commissions and appoint delegates for special purposes (e.g. research and development groups for certain activities). The duties to be performed in this regard shall be determined in writing by the members' meeting or the Management Board.

V. Membership

1. General Information

Art. 18

Legal and natural persons may be members of the LVC.

The members shall receive member points in return for their contributions. There shall be one voting right at the members' meeting for every member point held. The individual members' entitlement to the LVC's assets shall be determined on the basis of the shares defined in the Contribution Regulations.

Membership rights shall be inheritable.

The members shall treat the invention and the innovation in strict confidence and shall be under a duty of loyalty towards the LVC. The Management Board may pass a resolution re-

quiring all members to enter into an undertaking of loyalty towards the LVC represented by the Management Board. Members shall be under a duty to disclose any conflict of interests.

2. Admittance

Art. 19

The Management Board shall decide on the admission of new members. The request for admission shall include the last name, first name and address of the candidate.

Share certificates embodying the member points may be issued. The Management Board shall maintain a share register setting out the members and their member points.

b) Description, rights and obligations

Art. 20

The members shall perform their activities in accordance with the Contribution Regulations.

The contribution and the number of member points or fixed shares accorded in return for such contribution shall be determined in writing for each individual member on the basis of the Contribution Regulations (where applicable, step by step after the achievement of certain milestones).

If a member is unable or unwilling to make any further investments, membership and the member points shall be retained unless the member declares his withdrawal from the LVC (in accordance with Art. 21).

4. Termination

Art. 21

Each member may declare his withdrawal from the LVC at the end of any financial year. However, in the absence of any agreement to the contrary, he shall not be entitled to receive any part of the LVC's assets. Declarations of withdrawal shall be served in writing on the Chairman.

A member may be excluded from the LVC in a resolution passed by the members' meeting with three quarters of the votes cast by the members present in person or by proxy. Any motions by the members to exclude another member shall be served on the Chairman, stating

in writing the reason for such motion. The motion shall then be placed on the agenda for the next members' meeting. A member may only be excluded for good cause, e.g. a breach of the duty of loyalty.

VI. Miscellaneous

1. Amendments to the Statutes

Art. 22

The members' meeting may pass resolutions to amend these Statutes with a majority of two thirds of the votes cast by members, or points attributable to members, who are present in person or by proxy.

The invitation to the members' meeting shall state the entire wording of the amendment to the Statutes, in the item on the agenda.

The requirements for amendments to the Statutes shall also apply to any changes to the Innovation Document and the Contribution Regulations.

2. Dissolution

Art. 23

The LVC may only be dissolved with a resolution passed with a majority of two thirds of the votes cast by the members present. The LVC shall always be continued if at least ten members vote in favour of its continued existence.

If the LVC is to be dissolved, any liquidation surplus shall be used for purposes that approximate as close as possible to the LVC's objective. The surplus may be held in trust for transfer to a successor entity. In the absence of any provision to the contrary, the LVC's assets including its inventories shall be transferred for safekeeping to the municipal administration in the town or city in which the LVC has its registered office. This municipal administration shall then release these assets to any new cooperative society established at a later date for the same purpose.

3. Conversion

Art. 24

The LVC may decide to convert the small cooperative into a registered cooperative (Art. 483 (3) PGR).¹ The requirements applicable to any amendments to the Statutes shall also apply to the resolution effecting such conversion.

4. Disputes

a) Mediation duty

Art. 25

In the event of any dispute, an amicable solution shall be sought before the matter is referred to the court of arbitration. Such attempted settlement shall be documented in writing.

If it is not possible to settle the dispute internally, the matter shall be referred to a qualified mediator for mediation. If the parties are unable to agree on a mediator, any party may ask the *Verein Mediation Liechtenstein* to nominate a mediator.

b) Court of arbitration

Art. 25

All disputes, differences of opinion or claims between the LVC, its bodies, the members in connection with the LVC, its establishment, activities or liquidation including the existence and scope of any entitlement (e.g. amount of member points), the validity of the LVC or lack thereof, any changes to or the dissolution of the LVC, challenges to resolutions and regulatory measures, shall be settled in arbitration proceedings conducted in accordance with the arbitration rules of the Liechtenstein Chamber of Industry and Commerce, it being agreed that there shall be no right of recourse to the ordinary courts of law. Arbitration proceedings may only be commenced after mediation efforts have failed.

¹ Comment: Registered cooperatives may then be converted into other legal entities (e.g. an AG, a company limited by shares) (Art. 482 (1) PGR).

Upon being admitted to the LVC, each member agrees to be bound by these arbitration rules. On request, the court of arbitration may transfer its seat to the location of the LVC's registered office if this is necessary to ensure the validity under corporate law of the decision made by the court of arbitration for the LVC.

The court of arbitration shall have one arbitrator. The seat of the court of arbitration shall be Vaduz. The arbitration proceedings will be conducted in (insert language).

Signed in Vaduz on {Date}

The Chairman

{Name}

FOR INFORMATION ONLY