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The Netherlands
VENTURE CAPITAL

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This country-specific Q&A provides an overview of venture capital laws and regulations applicable in The Netherlands.

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THE NETHERLANDS
VENTURE CAPITAL

1. Are there specific legal requirements or preferences regarding the choice of entity and/or equity structure for early-stage businesses that are seeking venture capital funding in the jurisdiction?

No, there are no specific legal requirements regarding the choice of entity and/or equity structure for early-stage businesses.

However, typically a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) or BV is preferred for early-stage businesses. A BV has legal personality, can be easily incorporated and offers options to accommodate the specific rights and obligations of shareholders and board members and, in general, the corporate governance of the company in its articles of association (*statuten*).

2. What are the principal legal documents for a venture capital equity investment in the jurisdiction and are any of them publicly filed or otherwise available to the public?

The principal non-constitutional documents are:

i. a subscription agreement (**SA**); and
ii. a shareholders agreement (**SHA**).

These documents can be combined in one document, usually then called a subscription and shareholders agreement. However, more often for practical reasons separate agreements are used, because the shareholders arrangements set out in the SHA can (at least in theory) be adhered to by future shareholders.

Next to the SA and SHA, at least two (2) constitutional documents are required, which must be executed by a notary:

i. the articles of association (the **Articles**); and
ii. the deed of issuance of shares.

Of all four (4) documents, only the articles of association must be made publicly available by filing them at the trade register of the Dutch Chamber of Commerce.

The Articles are required by law and are less flexible than the SHA. Furthermore the SHA can contain matters the parties, typically the company, the shareholders and the founders (natural persons), do not want to disclose to the public. Commonly Articles will include a provision requiring each shareholder to be a party to the SHA (a so called ‘quality requirement’).

Skeleton articles can be used. However, typically an investor will consider on a transaction basis which rights he wants to also include in the Articles if this is more effective and, in any event, the option to issue different share classes is typically based on specific provisions in the Articles.

3. Is there a venture capital industry body in the jurisdiction and, if so, does it provide template investment documents? If so, how common is it to deviate from such templates and does this evolve as companies move from seed to larger rounds?

The Nederlandse Vereniging van Participatiemaatschappijen (NVP) is the industry body and public policy advocate for the private equity and venture capital industry in the Netherlands.

The NVP was founded in 1984 and represents 90% of the capital under management in the Netherlands. Members are both national and international private equity and venture capital firms. Associated members are professionally or commercially involved in the investments. This includes law firms, consultants, tax specialists, accountants and other advisers. The NVP is member of Invest Europe.

The NVP only provides a very limited number of documents as templates, which are only ancillary document, *e.g.* a non-disclosure agreement.

A not for profit organisation called Capital Waters provides for free documentation for early stage investment, including angel and VC investments. These documents include templates of shareholders' agreements, subscription agreements (ordinary shares and preferred shares), a convertible loan agreement and a Dutch equivalent of a SAFE; the EPOS (Easy Prepayment On Shares).

If companies move from early stage to larger more mature rounds, typically the documentation will be tailormade and drafted by the lawyers of the investors using their respective templates.

4. Are there any regulatory frameworks in respect of companies offering shares for sale that need to be considered, for example any restrictions on selling and/or promoting the sale of shares to the general public?

If shares are to be offered to the general public, such issuance of shares may trigger the requirement to publish an approved prospectus under the EU prospectus regulation (Regulation (EU) 2017/1129).

However, typically relevant exceptions are available when offering shares in early stage companies, meaning that no approved prospectus is required.

These exceptions can be found in Article 1(4) of the EU Prospectus Regulation. Among others, an offer of securities to the public is exempt from the obligation to publish a prospectus for the following types of offers:

- offers addressed only to qualified investors;
- offers addressed, per Member State, to fewer than 150 natural or legal persons other than qualified investors;
- offers of securities with a denomination per unit of at least EUR 100,000;
- offers requiring investors to purchase securities for a minimum amount of EUR 100,000; and
- offers with a total counter value of less than EUR 5 million in a period of 12 months. This exemption is subject to certain conditions. (The said threshold of EUR 5 million is set by the Netherlands.)

The last exception is *e.g.* used when offering shares via crowdfunding platform. One of the conditions to use this exception is that an information document must be made available and provided to the AFM, the Dutch supervisor of the financial markets, prior to the actual share offering.

5. Are there any general merger control, anti-trust/competition and/or foreign direct investment regimes applicable to venture capital investments in the jurisdiction?

Venture capital investments are not excluded from general merger control, anti-trust/competition and/or foreign direct investment regimes. However, considering the size of the companies that are typically backed by venture capital in the Netherlands and the type of investors in such companies, it is less common that the transaction will trigger the general merger control, anti-trust/competition regimes, because relevant thresholds will not be met.

The latter does not apply to the Dutch foreign direct investments regime, as no such thresholds apply. Thus this regime must be carefully considered early in the deal process for each VC investments in:

- vital providers (for example, key financial markets infrastructure providers like significant banks and trading platforms);
- sensitive technologies; and
- operators of business campuses.

Based on the *Wet Veiligheidstoets investeringen, fusies en overnames* (FDI Act), investments that pose risks to Dutch national security may be blocked. The act applies to all investors and not only to foreign investors.

A notification is mandatory if an envisaged investment falls within the scope of the FDI Act's screening regime and is to be made by either the investor or the company. Furthermore a standstill obligation applies. The transaction may only be implemented after approval or notification that no approval is needed.

As to VC transactions it must be noted that the Dutch foreign direct investments regime is applicable to various industries favoured by venture capital investors, *e.g.* sensitive technologies , which includes military goods and goods that classify as dual-use within the meaning of Regulation (EU) 2021/821 (the Dual-Use Regulation), quantum technology, photonics technology, semiconductor technology and high assurance products.

6. What are the prevailing tax incentives or structures offered to venture capital

investors in the jurisdiction, if any?

There are no tax incentives or structures offered to venture capital investors in the Netherlands.

However, various tax incentives and subsidies are available to Dutch companies that are typically backed by venture capital, *e.g.* innovative tech companies.

Venture capital funds targeting SMEs often establish a sub-fund that benefits from the Dutch Seed Capital scheme, which aims to support technology and creative start-ups by making capital available to investment funds that invest risk capital in innovative entrepreneurs in the technological and creative sector. The Dutch Seed Capital scheme and other programmes to stimulate innovative SMEs are conducted by The Netherlands Enterprise Agency (https://english.rvo.nl/subsidies-programmes).

7. What is the process, and internal approvals needed, for a company issuing shares to investors in the jurisdiction and are there any related taxes or notary (or other fees) payable?

When issuing shares in a BV, the legal entity typically used by companies backed by VC (see Q1), the following steps must be considered.

1. The general meeting (of shareholders) of a BV has the power to resolve to issue shares, unless otherwise provided in the BV's articles of association, which may also require a quorum and specific majority for such resolution. Additional conditions may also be provided in the SHA.
2. For each issuance each shareholder has a pre-emptive right by law, which must be excluded by the general meeting if it is not intended that shares are also issued to the existing shareholders.
3. The resolutions referred to under 1 (issuance of shares) and 2 (excluding pre-emptive rights) above are typically taken by the general meeting in the form of a written resolution, which is executed by each shareholder. However, such resolution can also be taken in a meeting of shareholders. Each shareholder must be invited to such meeting by written notice, typically issued by the managing board. The term to convene such meeting is set in the articles of association and is typically 8 days. The term and any requirements for a quorum and specific majority must be met in order to adopt valid resolutions.
4. It should be noted that the managing board of the company must always be involved because they have a right to advise the general meeting on each issuance of shares.
5. The shares must be issued by notarial deed, the deed of issuance (of shares), which requires that the resolutions referred to under 3. have been adopted. The notarial deed and often also the relevant shareholders' resolution are drafted by a notary firm engaged for the transaction.
6. For practical reasons, usually the parties to the notarial deed, *e.* the company and the parties that acquire the shares to be issued, will execute in advance a power of attorney. Such power of attorney is also drafted by the notary firm and will grant power to employees of the notary firm to execute the deed of issuance.
7. The deed must be executed in the presence of a notary, who is a public servant. After execution, each party will receive a notarised copy of the deed.
8. The notary firm involved will request the company to send the original shareholders' register prior to the execution of the deed. After execution the notary firm will typically complete this register by entering the type of shares issued, their numbers and the name and addresses of the respective acquirers (shareholders).

No taxes are payable if shares are issued. The issuance of shares requires a notarial deed, meaning that notarial fees will be due. Such fees are not fixed but can be agreed upon and are typically paid by the company.

The subscription price for the shares to be issued can be paid via the third-party account of the notary firm. This is a practical solution in case of multiple investors to ensure that the issuance of shares and payment are made simultaneous.

8. How prevalent is participation from investors that are not venture capital funds, including angel investors, family offices, high net worth individuals, and corporate venture capital?

The following group of investors that are not venture capital funds are active investors in early stage companies:

- Regional development funds
- Other funds backed by government or other public entities
- Corporate venture capital
- Private investors (business angels/ high net worth individuals)
- Family offices
- Accelerators
- Crowdfunding

Regional development funds must co-invest with other investors, typically in small, early-stage companies. Their principal aim is to stimulate regional development.

Since 2020 Invest-NL, an investor backed by the Dutch government became a large player, offering equity investments in startups and growth-ups and venture debt.

Corporate venture capital is becoming increasingly more relevant. Currently most large technology driven companies in the Netherland have a venture capital arm. Other sectors involved in corporate venture capital include (among others) energy, healthcare, banking, telecom.

9. What is the typical investment period for a venture capital fund in the jurisdiction?

The typical investment term for a venture capital remains to be five (5) years from the initial closing of the fund and earlier if certain conditions have been met (typically *e.g.* if a specified percentage of total committed capital is invested, a key person event has occurred or upon the closing of a successor fund). Thereafter only follow-on investments can be made.

Investments by the fund are long-term investments, typically between five (5) and seven years (7). If no exit is reached within this holding period the fund will use options to enforce an exit, which option are typically set out in the SHA. Such options range from an obligation of the management to engage a corporate finance advisor to replacement of the management and drag-along rights.

The position of founders can be improved by requiring a minimum valuation to trigger a drag-along right and granting founders a rights of first refusal (ROFR) or, less controversial to investors, a right of first offer (ROFO). Variations on the options mentioned above are commonly used in exit clauses and set out in the shareholders agreement.

10. What are the key investment terms which a venture investor looks for in the jurisdiction including representations and warranties, class of share, board representation (and observers), voting and other control rights, redemption rights, anti-dilution protection and information rights?

Representations and warranties

Full warranties must typically be granted regarding corporate standing, capital and shares, authority, enforceability, no conflict, no consents required and on disclosure.

Further warranties will typically be requested on financial statements, intellectual property, certain assets, contracts, employees, tax matters, litigation, information, compliance with law and permits. Warranties on other matters, e.g. insurances, outstanding offers, premises and environmental compliance may be required for later stage companies.

The main reasoning for asking warranties is to creating awareness for the expectation of the investor(s) and to trigger disclosures by the warrantors. Warranty claims are – as opposed to in M&A deals – fairly rare. Warranties are typically at any granted by the Company and often also by the founders, albeit the latter often with a lower exposure cap.

Classes of share

Typically VC investors subscribe for preferred shares, with the most senior class of shares being offered to the newest investors. Investors will be entitled to convert their preferential shares in ordinary shares at any time (although conversion is not required by Dutch law to be able to opt for sharing in the proceeds as ordinary shareholder).

Board representation (and observers)

Under Dutch law companies can install a one tier board or a two tier board. The two tier board is still predominant.

In case of a two tier board, representation is typically only sought in the supervisory board as a supervisory director and in in case of a one tier only as a non-executive board member.

Relevant is whether the supervisory board is merely created as an advisory body to the managing board without any material approval rights or a supervisory board that has the power to control the managing board via reserved matters.

In the first type of supervisory boards typically independent industry experts are appointed as board members. An investor may stipulate to have the right to appoint such an independent supervisory member and/or an observer.

If a supervisory board can control the managing board, investors typically often require board representation (a board seat or at least an observer seat) from within their own ranks. Important to note is that at all times a board member must act in the interest of the company and thus, is generally held, also inn the interest of all its stakeholders.

Voting and other control rights

Voting and other control rights are typically stipulated, by means of a quorum for meetings, special majorities for reserved matters or approval rights for certain classes of shares or individual investors.

Professional parties involved typically understand that dead locks should be avoided and founders and managers should be incentivized to successfully manage the company.

Redemption rights

Redemption rights are uncommon in Dutch transactions. In case of redemption of shares, certain capital requirements must be followed.

Anti-dilution protection

In principle all anti-dilution protection variations (full ratchet and all weighted average variations) can be applied under Dutch law. However, broad-based weighted average is mostly used in Dutch VC transactions.

Information rights

Individual information rights are typically granted to investors and to protect the company non-disclosure requirements apply. By law an individual shareholder has only limited information rights. Thus a contractual right to information is considered highly important.

11. How common are arrangement/ monitoring fees for investors in the jurisdiction?

Arrangement and monitoring fees are not common.

12. Are founders and senior management typically subject to restrictive covenants following ceasing to be an employee and/or shareholder and, if so, what is their general scope and duration?

Founders and senior management are typically subject to restrictive covenants. The terms are the result of the bargaining power of the parties involved and the development stage of the company, depending on how relevant an investor considers a senior manager to be for the company.

Typically, at least a non-compete clause will apply. Usually such clause is included both in the SHA and the management or employment agreement with the (senior) manager. The term of the non-compete clause in the SHA is limited under competition law. If goodwill is involved when making the investment a term of three (3) years is in principle allowed and often stipulated. The non-compete term in a employment agreement is limited under employment law.

Typically, a full non-compete clause is agreed, including non-poaching obligations, with limited exceptions except for e.g. a carve-out for making investments in listed companies with similar activities as the company.

Furthermore, typically senior management is required to devote substantially their time to managing the company and only limited and specific other activities will be allowed.

The terms of covenants referred to above are typically considered in connection with the leaver covenants (see Question 14) to ensure that the covenants together are fairly balanced.

13. How are employees typically incentivised in venture capital backed companies (e.g. share options or other equity-based incentives)?

Employees are typically incentivised under an option plan or SAR plan and early stage companies often use depositary receipts of ordinary shares, issued by a Trust Office Foundation (STAK) as a manner of giving the employees only the financial rights of the shares, without any voting or meeting rights.

Share appreciation rights (SAR) or phantom shares are cash-based incentive schemes mimicking the financial rights of actual shares. A SAR typically gives the holder the right to a cash payment in case of a ‘Liquidity Event or Exit’ equal to the delta between the strike price (if any) and the market value of an ordinary share.

Stock options are also common and give the holders the right to upon exercise (either when options have vested or only at a 'Liquidity Event or Exit') acquire ordinary shares (or depositary receipts of shares, resulting in no voting rights being given to the optionees). All forms of employee incentive schemes typically contain vesting arrangements and good and bad leaver conditions.

All instruments linked to the long-term success of the investee company are generally considered an effective tool to incentivise founders and employees. Bonus schemes are not commonly used to incentivise employees.

In each case the tax treatment of the incentives offered to founders and employees must be carefully considered.

14. What are the most commonly used vesting/good and bad leaver provisions that apply to founders/ senior management in venture capital backed companies?

Vesting provisions

Typically the following key vesting terms are used:

Vesting Period: ¾ years

Cliff period: 1 year and thereafter monthly vesting

Type of shares: ordinary

Good and bad leaver provisions

Good and bad leaver provisions will always be the result of negotiations. However, commonly the following provisions will be found.

Compulsory Transfer Principle Typically leavers must offer their shares in the company for sale to the other shareholders and/or the company.

Compulsory Transfer Price Typically in case of a good leaver the purchase price will be the fair market value. The SHA will contain a provision to determine the fair market value. Usually the fair market value shall be determined by the shareholders and, if they fail to reach agreement, by an independent valuator.

In case of a bad leaver, an agreed discount is applied and for early stage companies often only the nominal value of shares will be paid (often 1 euro or less per share).

Variations

i. Sometimes good leavers may keep the shares if a leaver event occurs after an agreed term. In such case the good leaver will however typically receive depository receipts in exchange for his shares. As a result, the good leaver will only hold the economic rights to the shares and will no longer have voting rights or rights to attend a general meeting or be heard in a general meeting.
ii. The latter principal – shares are mandatory exchanged for depository receipts – is typically also used in any event that shares are offered by a leaver but not purchased.
iii. Sometimes a third category is introduced: the intermediate leaver. If so the compulsory transfer price for the shares of the bad leaver will be the nominal value and for the early leaver a discounted fair market value.

Leaving scenarios

Leaving scenario	Type of leaver
Death	Good
Permanent disability or permanent incapacity through ill health	Good
Retirement (at normal retirement age)	Good
Dismissal/termination for any reason other than Bad or Intermediate Leaver	Good
Dismissal by the company where the executive has failed to meet certain performance expectations (eg. KPIs)	Intermediate
Voluntary resignation by the executive within an initial minimum period (say 24 months) for any reason whatsoever (other than as a result of grave personal circumstances such as death or illness of a spouse or child)	Bad/Intermediate
Justifiable dismissal by the company for cause (including fraud or dishonesty), mismanagement, breach of restrictive covenants	Bad
Bankruptcy (although this will not always be a separate leaving scenario)	Bad/Intermediate

15. What have been the main areas of negotiation between investors, founders, and the company in the investment documentation, over the last 24 months?

As to founders/management: the main areas of negotiation are the leaver provisions and the (limitations for the founders on) representations and warranties.

On governance: the Supervisory/Non-Executive Board composition (see Question 10), including the (number of) observers.

On exits: Triggers to force an Exit if an exit is not effectuated within a defined term (typically 5-7 years), such as investors unilaterally being able to trigger drag-along rights, requiring a corporate finance firm to be engaged to actively market the sale of the company.

16. How prevalent is the use of convertible debt (e.g. convertible loan notes) and advance subscription agreement/ SAFEs in the jurisdiction?

Convertible debt is often used to finance early stage companies prior to their first equity round and to bridge the funding gap between two equity rounds.

SAFEs are welcomed by the market as a simple instrument for pre-seed financing. Advance subscription agreements are not prevalent.

For all agreements referred to above it is important to note that in case of granting the right to acquire shares in a BV the company may only issue such shares pursuant to a resolution of the body that has the power to issue shares. Typically that is the general meeting. This means that in order to effectively create a right to acquires shares, the same resolutions must be adopted as if shares are issued prior to concluding the convertible instrument (see in more detail Question 7).

17. What are the customary terms of convertible debt (e.g. convertible loan notes) and advance subscription agreement/ SAFEs in the jurisdiction and are there standard from documents?

The customary terms of convertible debt reflect the principles that no current valuation of the company is available, that the loan is intended to be converted into equity and not to be repaid and that the lender will be rewarded by accrued interest and a discount on the share price of the next equity round, and often also a valuation cap. Typically parties enter into a convertible loan agreement (**CLA**). Customary terms are:

Loan typically a bullet loan made available for a limited time after signing.

Interest: interest to be rolled-up and paid when the loan becomes due or converted.

Conversion events: Typically a qualified financing and a liquidity event will trigger a mandatory (automatic) conversion of the loan plus accrued interest into shares.

i. **Qualified financing**: will mean the occurrence of an equity financing round for a defined minimal amount.
ii. **Liquidity Event**: will mean certain specified exit events, typically including (i) a sale of the majority of the shares, (ii) legal merger or demerger, (iii) an IPO and (iii) the sale of all or substantially all of the assets of the company.

Maturity date: the CLA will specify a predefined date on which the loan may be converted into shares or must be repaid, if no prior qualified financing event or liquidity event has occurred. Typically the lender or a qualified majority of lenders decides on conversions or repayment.

Events of default: upon the occurrence of an event of default the lender may demand repayment of the loan and accrued interest.

Discount: typically a discount on the share price is applied in case of conversion of the loan into shares.

Valuation cap: alternatively to a discount or in addition thereto, a valuation cap can be agreed upon.

Fair market value: in case of conversion at the majority date, the fair market value is determined.

Calculation of conversion: in the CLA typically the calculation of the conversion is specified.

Ranking indebtedness under the CLA is typically subordinated to all creditors except specific junior creditors.

Furthermore the following terms and conditions are commonly used:

Shareholders Agreement: prior or upon conversion parties must enter into a shareholders' agreement with adequate protection for minority shareholders.

Warranties and **covenants**: the CLA typically contains limited warranties and (information) covenants.

Capital Waters offers a standard convertible loan agreement which is regularly used but no firm market standard exists.

For SAFE's the Y-Combinator standard is typically applied, with limited changes to make the SAFE suitable for the Dutch market.

18. How prevalent is the use of venture or growth debt as an alternative or supplement to equity fundraisings or other debt financing in the last 24 months?

There is a growing market for venture or growth debt in the Netherlands and venture debt is predominantly offered from outside the Netherlands.

19. What are the customary terms of venture or growth debt in the jurisdiction and are there standard from documents?

Customary terms of venture or growth debt reflect that it is a debt financing product for early and growth-stage companies that are fast scaling but generally pre-profit and that liquidity is provided for the period between equity funding rounds.

Venture debt is non-dilutive except for the warrants that are typically granted to the venture debt lender.

Loan: venture debt is provided under a (extensive) facility or loan agreement. Loans are commonly provided in tranches subject to achieving performance, revenue or other agreed milestones.

Term and repayment: the term of the loan will be tailored typically to reflect that liquidity is provided for the period between equity funding rounds. Amortising loans are more common than bullet loans. A change of control or listing (liquidity event) will typically trigger the mandatory repayment of the loan, accrued interest and all, other amounts due.

Interest: the interest rate will reflect the risk perceived by the venture debt lender. Granting the borrower the option for payment-in-kind is uncommon. However, usually lenders do offer an interest only period to the borrower of 6 to 12 months. If interest is not paid when due, default interest will commonly be due.

Prepayment fees: prepayment will often only be allowed after an agreed period and will usually trigger a prepayment fee.

Costs: cost and expenses of the venture debt lender must typically be paid by the borrower.

Warrants: venture debt lenders typically are granted a right to acquire shares in the borrower at a fixed price within a certain period of time. Warrants are granted commonly under a separate warrant agreement, which agreement usually also includes (among other matters) a mechanism to exercise the warrants and to adjustment the number of warrants, information rights and certain other covenants.

The warrants must be typically exercised within ten (10) years of the date of the warrant agreement. It should be noted that in order to effectively create a right to acquires shares, the same resolutions must be adopted as if shares are issued prior to concluding the convertible instrument (see in more detail Question 7).

Ranking: commonly venture debt is not subordinated. If any convertible loans are outstanding, they will be required to be subordinated, typically under a subordination agreement.

Security: venture debt is typically fully secured whereby commonly all assets are pledged to the venture debt lender under an omnibus pledge agreement. Security on real estate (*onroerende zaken*) and on shares require a separate security agreement in the form of a notarial deed.

Negative and positive pledge: if certain assets of the borrower (and its group companies) are excluded from the security package, the borrower must covenant it will not create any security right thereon in favour of other creditors (negative pledge).

A positive pledge, meaning the obligation of the borrower to create additional security at the request of the lender, will also be part of the loan documentation.

Covenants: the venture debt facility agreement typically includes information obligations, affirmative, negative and financial covenants.

Information obligations require the borrower to provide regular financial information and key performance indicators to the lender.

Observer: next to such information obligations some venture debt lenders require an observer seat on the board.

Affirmative covenants ensure that the borrower takes specific actions including maintaining specific type and level of insurance coverage and requiring the borrower to comply with applicable law.

Negative covenants will restrict the activities the borrower may engage in without the lender's approval. Typically included are restrictions on incurring additional debt, change of business activities, change of ownership structures and certain expenditure restrictions.

Financial covenants if included, the financial covenants are used by the lender to monitor the borrower (and its subsidiaries) and they will specifically relate to the borrower's business. However, often used are (i) the debt service coverage ratio (DSCR), indicating the ability to meet the debt obligations and (ii) liquidity ratios.

Key employee commitment: usually the borrower covenants it will not change its management such that certain key persons depart or cease to employed, unless a suitable replacement is approved by the board.

Events of default: in general events of default occur when (i) payment of interest or principal is missed (monetary default), or (ii) when a financial, affirmative or negative covenant is breached (technical default), or (iii) when a change of status occurs, including the insolvency of the borrower, or (iv) in case other events occur the lender considers a material risk. As to the latter, a cross-default clause, a MAC clause and an investor abandonment clause are examples.

MAC clause: in venture debt material adverse change clauses are used as a condition precedent to each drawdown of the loan (a funding MAC) and as an event of default that may trigger acceleration. These clauses are designed to protect the venture debt lender.

Investor abandonment clause: not common is the investor abandonment clause, also designed to protect the lender. Such clause typically means the lender may declare an event of default if it determines (in its sole discretion) that the borrower's investors will no longer financial support the borrower.

The occurrence of an event of default will trigger the acceleration clause.

20. What are the current market trends for venture capital in the jurisdiction (including the exits of venture backed companies) and do you see this changing in the next year?

Appetite for investments in venture capital funds remains strong, in particular if focused on deep tech and IA. In the past year or so bridge rounds at fairly aggressive investor friendly terms have been prevalent. For regular venture rounds terms no significant changes in deal terms and balance have been seen or are expected.

The M&A midmarket is expected to continue its recovery started in 2023.

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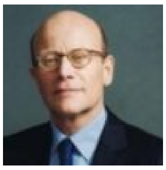

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