

Fhunded Angels Network Membership Terms and Conditions

Membership Terms and Conditions

These terms and conditions (the “**T&Cs**”) are made between:

- Lancashire County Developments Limited, a private company limited by guarantee registered in England and Wales with registered number 01624144 and whose registered office is at County Hall Lancashire County Council, Democratic Services Department, Preston, Lancashire, England, PR1 0LD (t/a “**fhunded**”); and
- You, as a member of the Network (as defined below) (either “**You**” or a “**Member**” and together with fhunded, the “**Parties**”),

and are effective as of the date fhunded communicates to you its acceptance of your application to become a Member of the Network.

Background

These T&Cs set out the terms of the relationship between the Parties. You should read these T&Cs carefully before agreeing to them, and we advise you to keep a printed or electronically stored copy of these T&Cs for your future reference.

1. Definitions and Interpretations

In these T&Cs, the following words and phrases shall have the meanings given below:

“ EIS ”	the Enterprise Investment Scheme administered within HMRC
“ FCA ”	the UK Financial Conduct Authority, an independent organisation whose address is 12 Endeavour Square, London E20 1JN
“ FCA Rules ”	the rules and guidance set out in the handbook of the FCA (as may be updated from time to time)
“ HMRC ”	the Financial Services and Markets Act 2000 (as may be amended or supplemented from time to time) HM Revenue & Customs
“ Investee Company ” or “ Investee Companies ”	a company which receives Investment from one or more Members pursuant to the Network
“ Investment ”	any investment made by a Member in an Investee Company as part of an investment opportunity which has been presented to the Network
“ Member ”	you and any other Members of the Network at any given time
“ Membership Questionnaire ”	the new member questionnaire to be completed by prospective Members prior to admission to the Network

“Network”	the fhunded regional angel network (or such other name for the network as may be communicated by us to you in accordance with section 15.2 of these T&Cs)
“Platform”	the restricted area of fhunded’s website available only to Members
“Privacy Policy”	fhunded’s privacy policy (as may be amended or updated from time to time) available here
“SEIS”	the Seed Enterprise Investment Scheme administered by HMRC

2. Membership

- Membership is free of charge.
- You hereby affirm your capability to invest at least £10,000 in investment opportunities originated via the Network (either by you or another Member) on an annual basis, with such affirmation deemed repeated each consecutive year that you are a Member. This affirmation is not an obligation to invest such amount annually, but fhunded reserves the right to regularly review the membership of the Network and may discontinue an individual membership if it is felt that such Member is no longer an active participant.
- Any failure to abide by these T&C may result in the cancellation of your membership and access to the Network and Platform.

3. Eligibility

- To be eligible to join the Network as a Member, you must meet the following criteria at the time of your application and on a continuing basis for so long as you are a Member:
- be a natural person who is 18 years of age or over;
- be able to truthfully certify on request that you are either a “high net worth individual” or a ‘self-certified sophisticated investor” in each case as such terms are understood for the purpose of the FSMA (Financial Promotion) Order 2005 (SI 2005/1529);
- without prejudice to the certification described in (b) above, be satisfied that you have the experience, expertise and knowledge to understand the risks involved in, and make your own investment decisions about, investments in early-stage and other businesses of the type made accessible by the Network;
- be respectful and tolerant of all other Members and the fhunded team; and
- agree not to use the Network primarily to solicit non-investment business from Investee Companies or seek remunerated roles with such Investee Companies.
- fhunded may ask you to supply further information in support of your eligibility as a Member at any time upon reasonable advance notice and where reasonably required (as determined by fhunded), including but not limited to where required by applicable law, regulation or court order.
- You must inform fhunded as soon as reasonably practicable if you cease to be eligible to be a Member. If you inform us, or if we otherwise discover, that you have ceased to be eligible as a Member, your access to the Network will be discontinued in accordance with section 10. If you later become eligible as a Member again and inform us of this, your access to the Network may be reinstated at our discretion.
- The decision as to whether to consider you eligible as a Member is entirely ours, and notwithstanding the eligibility criteria described in this section 3 we may decide for any reason (or no reason) to reject your application to become a Member.

4. fhunded's Relationship With You

- fhunded is not regulated by the FCA on the basis that its activities are exempted from relevant FCA and FSMA regulation (as advised by fhunded's independent legal counsel) and consequently Members are neither customers nor clients of fhunded for the purposes of the FCA Rules.
- fhunded will never provide specific advice or recommendation as to any particular investment opportunity which is made accessible via the Network (including but not limited to the Platform). Each investment decision with respect to any Investment made via the Network is yours and yours alone and you should make your own assessment (in consultation with any relevant independent professional advisers if required) of the viability and prospects of the business and the accuracy of any promotional materials provided in respect of the investment opportunity.

5. Event access and participation

Members can participate in events curated by fhunded, including recurring pitching events where selected startups present their business and funding proposals. Following each event, Members expressing interest in further discussions with any startup will be facilitated via an introduction by fhunded. Scheduled networking events will also be held to build relationships among members and key stakeholders in the startup community.

6. Investments made by members

- fhunded seeks to support startups with a strong connection to Lancashire, focusing on those eligible for the EIS and SEIS provided by HMRC. fhunded does not however undertake any of its own due diligence, provide any guarantee or make any application to HMRC insofar as EIS and/or SEIS eligibility of an Investment opportunity originated by Members may be concerned.
- Members are responsible for conducting their own due diligence before committing to any Investment. fhunded accepts no responsibility for transacted Investments. It is recommended to designate a "lead angel" to liaise with founders and fellow members, arrange follow-up meetings, conduct due diligence, and represent members' interests.
- No collective investments will be made directly by Network. All Investments are to be undertaken individually or through Member-formed arrangements (syndicates or otherwise).
- All costs, expenses and fees incurred in relation to the administration of processing the execution of an Investment will typically be shared between participating Members on a pro rata basis, unless otherwise agreed between them.
- It is not our policy to receive and/or hold any funds from any Members in respect of the making of any Investments and Members should co-ordinate directly with the relevant Investee Company in respect of the funding arrangements for any Investments.

7. Risk Warnings

The following risk warnings are considered by fhunded as relevant to all investment opportunities which may be originated or presented via the Network although they are inexhaustive and general in nature. Members are reminded of their responsibilities in respect of each individual investment opportunity as further described in section 6.2 above:

- **Loss of capital.** Most early-stage businesses, and many other growth-focussed businesses or fund vehicles fail, and if you invest in a business originated or presented to you the Network, it is

significantly more likely that you will lose all of your invested capital than you will see any return of capital or a profit. You should not invest more money in early-stage businesses than you can afford to lose without altering your standard of living.

- Almost all Investments you make in businesses presented to you via the Network will be highly illiquid. It is very unlikely that there will be a liquid secondary market for the shares of an Investee Company. This means you should assume that you will be unlikely to be able to sell your shares until and unless the Investee Company floats on a stock exchange or is bought by another company (or, in the case of fund vehicle, reaches the end of its lifespan or some other relevant inflection point); and, even if the Investee Company is bought by another company or floats, your Investment may continue to be illiquid. Even for a successful business, a flotation or purchase is unlikely to occur for several years from the time you make your Investment. For businesses for which secondary market opportunities are available, it can be difficult to find a buyer or seller, and Members should not assume that an early exit will be available just because a secondary market exists.
- **Rarity of dividends.** Early-stage businesses rarely pay dividends or make distributions. This means that if you invest in a business via the Network, even if it is successful you are unlikely to see any return of capital or profit until you are able to sell your shares in the relevant Investee Company. As explained in (b) above, even for a successful business this is unlikely to occur for several years from the time you make your Investment.
- Any Investment you make in an Investee Company presented to you via the Network is likely to be subject to future dilution. This means that if the business raises additional capital at a later date, it will issue new shares to the new investors, and the percentage of the Investee Company that you own will decline. These new shares may also have certain preferential rights to dividends, sale proceeds and other matters, and the exercise of these rights may work to your disadvantage. Your Investment may also be subject to dilution as a result of the grant of options (or similar rights to acquire shares) to employees of, service providers to or certain other contacts of the Investee Company.
- If you choose to invest in businesses presented to you via the Network, such Investments should only be made as part of a well-diversified portfolio. This means that you should invest only a relatively small portion of your investable capital in such businesses, and the majority of your investable capital should be invested in safer, more liquid assets. It also means that you should spread your Investment between multiple businesses rather than investing a larger amount in just a few.

8. Privacy and Data Protection

- Basic Member information (photo, name, biography, email, LinkedIn profile URL) may be published on the Platform, in compliance with applicable data protection legislation. Members have the right to opt out of this publication.
- You acknowledge that we may process and share your personal data as described in our Privacy Policy. For more information on how we use your personal data, see our Privacy Policy.
- Your data is shared only as necessary to facilitate transactions, comply with legal obligations, or provide you with Platform services. We employ industry-standard security measures to protect your information from unauthorised access or breaches. For further information, please refer to our Privacy Policy.

9. Taxation

You may be liable to pay taxes on any dividends or gains you receive from your Investments. Payment of taxes is entirely each Member's personal responsibility. If you have any questions with respect to tax matters, you are strongly encouraged to consult a professional adviser.

10. Termination

- If you no longer wish to continue as a Member, you may terminate your Membership at any time with written notice sent 10 working days in advance to fhunded.
- fhunded may terminate your membership immediately at any time, and will inform you of such termination immediately if:
- you have broken the terms of these T&Cs in an intentional, serious or persistent way and you have not rectified the matter within a reasonable time of us requesting you to do so;
- you have broken or attempted to break the law, or put fhunded in a position where fhunded might break the law;
- you have provided us with false information;
- you have been abusive to anyone at fhunded or another Member;
- fhunded is of the view that you have used (or been using) the Network with the primary view of soliciting non-investment business from Investee Companies or have sought (or are seeking) remunerated roles with such Investee Companies; and
- if we are required to do so under any law, regulation or by a governmental or regulatory authority.
- We may also terminate your membership of the Network at any time 'without cause' in accordance with section 2 and will notify you in advance of such decision.
- As a consequence of any termination under this section 10, any Investments which you have made pursuant to the Network shall remain unaffected but you shall be prevented from accessing any future Investment opportunities via the Network.

11. Amendment

We may amend these T&Cs from time to time, for example to: make it easier to understand, comply with any legal or future regulatory requirements, keep up with industry developments, reflect changes to the operation of the Network, or in respect of matters that do not affect your substantive rights. If we make a change that affects any of your substantive rights, we will notify you of the amendment or amendments at least ten working days before they take effect with respect to you. Such notification will occur by email or by other electronic means. If we provide you such notice and you do not object to an amendment by the means given in the notice prior to the amendment taking effect, you will be deemed to have agreed to the amendment. If you object to an amendment, such amendment will not be effective with respect to you, but your rejection will be deemed to constitute your notice of termination of your Membership in accordance with section 10.1.

12. Notices

- Any notice from you to us in respect of these T&Cs or your engagement with the Network shall be given by email for the attention of Rory Southworth at .
- Any notice from us to you in respect of these T&Cs, or your engagement with the Network, shall be given by email to the correspondence email address provided by you in your Membership Questionnaire (unless otherwise notified by you to us in advance).
- Notices given pursuant to this section 12 by email shall be deemed received by the recipient upon despatch. In the event that you give us notice by means other than those set forth in section 1 and we in fact receive it, we may, but are not required to, choose to deem the notice received upon our actual receipt of it.
- All notices given under these T&Cs shall be in the English language.

13. Dispute Resolution and Governing Law

- Any disputes arising out of these T&Cs shall first be attempted to be resolved through mediation. If unresolved, disputes will be subject to arbitration according to the laws of England and Wales.
- These T&Cs and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes and claims) shall be governed by and construed in accordance with the laws of England and Wales.