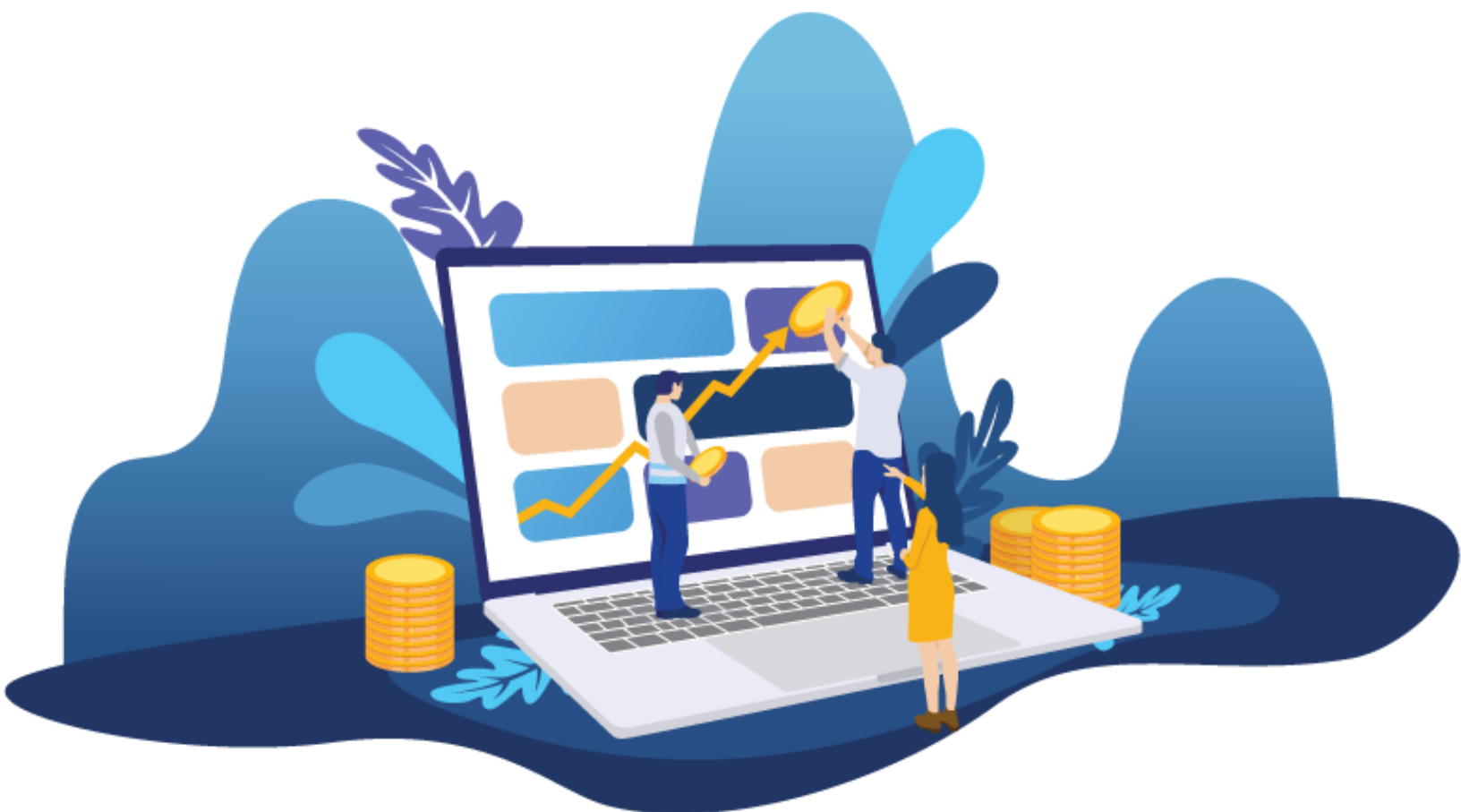


2021

Global Venture Capital Guide



INTRODUCTION

We are pleased to announce the release of the World Law Group 2021 Venture Capital Guide.

The turmoil of an ongoing pandemic notwithstanding, through 2020, WLG member firms continue to act on a number of investment and exit transactions for global venture capital investors and high-growth, innovative companies operating across a range of industry verticals.

The objective of this publication is to serve as a Q&A-style multi-jurisdictional guide to venture capital law in 33 countries where WLG member firms have offices. The guide intends to provide a high level overview of the venture capital market, including key sectors, preferred investment structures, regulatory approval requirements, limitations on acquisition of control in portfolio companies, restrictions on investment, investor protection, and exits; and hopes to provide readers the benefit of the shared global knowledge and local insights among the WLG member firms.

All information provided in this guide is up to date as of November 1, 2020 unless stated otherwise. This guide provides general information in relation to the venture capital market, and is not intended to be comprehensive. It does not replace professional and detailed legal advice, as facts and circumstances vary on a case-by-case basis and country-specific regulations may change.

We hope to update this guide annually, both to expand our current coverage of jurisdictions as well as to apprise the reader of changes to the venture capital regulatory framework in the relevant jurisdictions.

The WLG Venture Capital Group Co-Chairs wish to express their deep appreciation for the efforts of each of the contributing member firms of the WLG Venture Capital Group, as well as all others who contributed to the preparation of this guide.

WLG Venture Capital Group Co-Chairs

Srinath Dasari, AZB & Partners
Allan Goodman, Goodmans LLP
Jens Wolf, Taylor Wessing

TABLE OF CONTENTS

<u>INTRODUCTION</u>	<u>I</u>	<u>PARAGUAY</u>	<u>65</u>
<u>ARGENTINA</u>	<u>1</u>	<u>POLAND.....</u>	<u>69</u>
<u>AUSTRALIA</u>	<u>4</u>	<u>PORTUGAL.....</u>	<u>72</u>
<u>BRAZIL.....</u>	<u>11</u>	<u>RUSSIA</u>	<u>77</u>
<u>CANADA</u>	<u>16</u>	<u>SINGAPORE.....</u>	<u>80</u>
<u>CHILE</u>	<u>20</u>	<u>SOUTH KOREA</u>	<u>84</u>
<u>ENGLAND & WALES.....</u>	<u>23</u>	<u>SPAIN</u>	<u>87</u>
<u>FRANCE</u>	<u>27</u>	<u>SWEDEN</u>	<u>92</u>
<u>GERMANY.....</u>	<u>33</u>	<u>SWITZERLAND.....</u>	<u>95</u>
<u>GREECE.....</u>	<u>36</u>	<u>TAIWAN.....</u>	<u>99</u>
<u>INDIA.....</u>	<u>38</u>	<u>THAILAND.....</u>	<u>102</u>
<u>INDONESIA</u>	<u>41</u>	<u>TURKEY.....</u>	<u>106</u>
<u>IRELAND</u>	<u>45</u>	<u>UNITED ARAB EMIRATES</u>	<u>111</u>
<u>ISRAEL</u>	<u>49</u>	<u>UNITED STATES.....</u>	<u>115</u>
<u>JAPAN.....</u>	<u>52</u>	<u>URUGUAY.....</u>	<u>122</u>
<u>LUXEMBOURG</u>	<u>56</u>	<u>VIETNAM</u>	<u>125</u>
<u>MEXICO</u>	<u>59</u>	<u>OUR MEMBER FIRMS</u>	<u>127</u>
<u>NORWAY</u>	<u>63</u>	<u>CONTRIBUTORS</u>	<u>128</u>

GREECE

Bahas, Gramatidis & Partners

1) In your jurisdiction, which sectors do venture capital funds typically invest in?

In Greece, venture capital (VC) funds primarily invest in tourism, travel, agriculture, technology and e-commerce.

2) Do venture capital funds require any approvals before investing in your jurisdiction?

No, foreign VC funds do not require any prior approval; however, the managers of VC funds have to comply with the provisions of Law 4209/2013, as amended, which transposed Directive 2011/61/EU regarding Alternative Investment Fund Managers (AIFMs). Notwithstanding the legal structure and the form of the AIFs managed, the following fall within the scope of Law 4209/2013:

- a. EU or non-EU AIFMs that manage one or more Greek AIFs, and
- b. EU or non-EU AIFMs that market one or more AIFs in Greece.

A foreign manager performing fund management activities or providing services in Greece may not do so without a prior authorization by the Hellenic Capital Market Commission (HCMC) or an EU passport.

3) Are there any legal limitations to an offshore venture capital fund acquiring control or influencing the business, operations, or governance of an investee entity?

Generally, there are no restrictions on a foreign VC acquiring control or influencing the business, operations or governance of an investee entity. An exception to this rule applies to a transaction by which a foreign entity/person acquires shares of any type of company that owns real estate in the so-called Greek border areas.

In case the investee is a listed entity according to Law 3461/2006 (the Takeover Bid Law), if the percentage of voting rights which the acquiring entity possesses, as a result of the acquisition, exceeds the threshold of one-third (1/3) of the total voting rights of the investee entity, then a mandatory bid must be launched, within a 20-day time period from the acquisition, for the acquisition of the total outstanding capital of the investee entity by paying an equitable and fair consideration.

4) Would an investor be required to undertake an antitrust analysis prior to investment? When would such a requirement be triggered?

According to article 6.1 of Law 3959/2011 (the Competition Law): "All concentrations of undertakings shall be notified to the Competition Commission within thirty (30) days of conclusion of the agreement or the announcement of the bid or the acquisition of a controlling interest, where turnover by all undertakings in a concentration within the meaning of Article 10 totals at least EUR 150 million on the global market and each of at least two of the undertakings involved generate turnover totaling over EUR 15 million on the Greek market."

Within the meaning of concentration falls: i) a merger of two or more previously independent undertakings or parts thereof; ii) an acquisition of sole control over another undertaking or part thereof; or iii) an establishment of a full-function concentrative joint venture; or iv) an acquisition of joint control of an existing undertaking.

Acquisition of control may be either direct or indirect and may take place in a variety of ways including by contract and/or the acquisition of shares or other assets. The following transactions are, however, not

considered a concentration: i) the acquisition of titles by credit or financing institutions or insurance companies for a maximum period of one year (which might be extended for a reasonable time period, not exceeding three months); ii) such control being exercised by a person appointed in the context of company liquidation, bankruptcy, reconciliation or other similar proceedings; and iii) the acquisition of whole or part of an undertaking by investment companies for the purpose of preserving its market value, rather than managing its business behavior and decision-making.

5) What are the preferred structures for investment in venture capital deals? What are the primary drivers for each of these structures?

In Greece, a VC investment usually takes the form of acquiring a shareholding percentage of the investees' equity or acquiring bonds convertible to shares, issued by the investee entity. The primary driver in determining the specific structure is the level of control over the activities of an investee company.

6) Is there any restriction on rights available to venture capital investors in public companies?

No, in public (listed) companies, no special restrictions apply to venture capital investors, apart from the general rules applicable to any person buying shares of such companies.

7) What protections are generally available to venture capital investors in your jurisdiction?

Generally, VC investors are protected by standard clauses in the investment documents (e.g., representations, warranties, guarantees, put option rights, tag-along rights). Aside from that, law 4548/2018 (art. 141) provides minority shareholders with a level of protection depending on the percentage of share capital that such shareholders hold i.e., 1/20, 1/10, 1/5 (a higher percentage gives a higher protection).

8) Is warranty and indemnity insurance common in your jurisdiction? Are there any legal or practical challenges associated with obtaining such insurance?

In Greece, warranty and indemnity insurance (W&I Insurance) is not common at all and Greek insurance firms do not market such a product. Thus, W&I Insurance would have to be obtained from a foreign insurance firm. No legal restrictions apply in relation to obtaining such insurance as long as the insurance firm providing the policy has the permission to offer such policy.

9) What are common exit mechanisms adopted in venture capital transactions, and what, if any, are the risks or challenges associated with such exits?

Three exit mechanisms exist, namely: i) the sale of the investee entity, ii) an IPO, and iii) a leveraged buyout. The most common exit mechanism is the sale of investee entity. No risks are associated with this exit strategy but the negotiations for the sale between sellers and buyers can sometimes be challenging.

10) Do investors typically opt for a public market exit via an IPO? Are there any specific public market challenges that need to be addressed?

No, investors typically exit via the sale of the investee entity.

Contributor(s)

Bahas, Gramatidis & Partners

Dimitris Emvalomenos
d.emvalomenos@bahagram.com

Maria Tranoudi
m.tranoudi@bahagram.com

OUR MEMBER FIRMS

Argentina

Alfaro-Abogados

Argentina

Bruchou, Fernández
Madero & Lombardi
Abogados

Australia

MinterEllison

Austria

CMS Reich-Rohrwig Hainz

Belgium

CMS Belgium

Brazil

TozziniFreire Advogados

Canada – Ontario

Goodmans LLP

Canada – Québec

Davies Ward Phillips &
Vineberg LLP

Cayman Islands

Campbells

Chile

Urenda Rencoret Orrego y
Dörr

China

Zhong Lun Law Firm

Colombia

Philippi, Prietocarrizosa,
Ferrero DU & Uría

Costa Rica

Arias

Denmark

Bech-Bruun

England

Gowling WLG

Finland

Castrén & Snellman

France

Soulier Avocats

Germany

CMS Germany

Germany

Taylor Wessing

Greece

Bahas, Gramatidis &
Partners

India

AZB & Partners

India

Vaish Associates

Indonesia

Makarim & Taira S.

Ireland

Mason Hayes & Curran

Israel

Herzog, Fox & Neeman

Italy

Gianni & Origoni

Japan

City-Yuwa Partners

South Korea

Bae, Kim & Lee LLC

Luxembourg

Arendt & Medernach

Malaysia

Shearn Delamore & Co.

Mexico

Santamarina y Steta S.C.

Netherlands

CMS Netherlands

Norway

Schjødt

Paraguay

Gross Brown

Perú

Payet, Rey, Cauvi, Pérez
Abogados

Philippines

SyCip Salazar Hernandez &
Gatmaitan

Poland

Soltysinski Kawecki &
Szłęzak

Portugal

PLMJ

Russia

CMS Russia

Singapore

WongPartnership LLP

South Africa

ENSafrica

Spain

Cuatrecasas

Sweden

Setterwalls

Switzerland

CMS von Erlach Poncet

Taiwan

Formosa Transnational

Thailand

Chandler MHM Limited

Turkey

Hergüner Bilgen Özeke

United Arab Emirates (UAE)

Al Tamimi & Company

Uruguay

Guyer & Regules

U.S.A. – California

Greenberg Glusker LLP

U.S.A. – District of Columbia

Arnold & Porter

U.S.A. – Florida

Greenberg Traurig, P.A.

U.S.A. – Georgia

Miller & Martin PLLC

U.S.A. – Illinois

Faegre Drinker

U.S.A. – Massachusetts

Locke Lord LLP

U.S.A. – Texas

Hunton Andrews Kurth
LLP

U.S.A. – Washington

Lane Powell PC

Venezuela

D'Empaire

Vietnam

VILAF