ANTI-DILUTION RULES

Dilution of equity interest:

The corporate dilation is the decrease in the equity of the shareholder with the reduction of the percentage of shares or shares owned by this participant of the company.

Clausula Anti-Dilution:

Prevent dilution of the participation of existing shareholders, if new shares are issued in a later round at a price lower than that paid by previous investors.

Being able to operationalize in two ways:

Full Ratched:

It is the most aggressive modality of anti-dilution, it guarantees that the dilution will be zero, that is, that the investor will be able to keep his original percentage of participation without any change.

Broad Based Weighted Average

Prevents a company's shares from cheapening in future investment rounds. That is, it does not guarantee that the dilution will be zero, but it protects the shareholder by preventing the reduction of shares..

Supplementary clauses to anti-dilution:

Right of preference:

It guarantees the other partners the preference to acquire the shares in the event of an increase in the company's capital, or in the case of the sale of shares/shares by one of the partners. Generally used in order to guarantee the corporate stability of a company.

Goodwill issue:

When a company increases its capital, it can sell it at face value (or at the price fixed at issue). Goodwill is an additional amount charged by companies on the issuance of shares.