

Equity Interest Liquidation

Responsible Executive: Vice President for Research

Responsible Office: Research Office

Effective: August 19, 2022

Last Revised: August 19, 2022

1. Policy Statement

- 1.1. This policy describes the process for liquidating equity interests held by the university in a private enterprise as partial consideration for: (i) receiving rights to the university's intellectual property, or (ii) participating in the university's accelerator program (collectively, "Innovation Activities").

2. Reason for Policy

- 2.1. The university recognizes that discoveries may be made in the course of research supported by facilities, equipment or funds furnished by the university, governmental agencies or outside sources. Moreover, the university desires that the practical application of those discoveries benefit the public at the earliest opportunity. As such, from time to time the university may accept equity in a private enterprise or an equity-like involvement with an outside entity as part of its Innovation Activities.

3. Scope & Audience

- 3.1. This policy applies to equity interests acquired or held by the university related to its Innovation Activities.

4. Definitions

- 4.1. **Designated Managers.** The Provost and Executive Vice President, Vice President for the Division of Finance and Administration, and the Vice President for Research.
- 4.2. **First Opportunity Date.** The date when equity becomes freely tradable pursuant to U.S. securities laws and is otherwise qualified to be held and serviced by the Depository Trust Company (DTC), including not being subject to a "lock up" period restricting when the university is free to sell.

5. Responsibilities & Procedures

- 5.1. **Equity Liquidation to Distributable Net Revenue**

- 5.1.1. Except as provided in Section 5.2, the university will convert equity of a company received by the university as consideration through the Research Office's innovation programming or development funding programs, or for a commercial license or assignment of the university's intellectual property to cash as soon as reasonably practicable within 180 days of the First Opportunity Date.
- 5.1.2. The Associate Vice President for Research responsible for overseeing intellectual property and licensing is responsible for administrative steps related to the equity until the equity is converted to cash.

5.2. Liquidation Exceptions

- 5.2.1. The university president may authorize an extension in the timeline established by Section 5.1 when determined reasonably necessary after consulting with the Designated Managers. The extension may be determined based on circumstances including but not limited to:
 - a. Administrative challenges causing a delay in selling within the 180-day window;
 - b. Industry sector, technology sector, or world event challenges affecting market pricing; or
 - c. Potential undue negative effects on the company.
- 5.2.2. Any extension shall be for no more than a two-month period. Each additional extension must be confirmed by the president after consulting with the Designated Managers. The totality of extensions shall not affect the sale of eligible equity longer than a 12-month total sale period beyond the First Opportunity Date.

5.3. Warrants and Options

- 5.3.1. Decisions on when to exercise options, warrants and similar convertible securities, and equity obtained through an entity's participation in the university's accelerator program, shall be made by the Vice President for Research after consultation with other Designated Managers.

5.4. Unique Information

- 5.4.1. To avoid any appearance of insider trading, any persons involved in the trading and exercise decisions described in Sections 5.1 through 5.3 shall be screened from:
 - a. The contents of any unpublished university research program results that are related to the underlying technology,

- b. Company information uniquely available to the university through its technology transfer program activities, or
- c. Other material non-public information regarding the company.

5.5. Inventors

- 5.5.1. The university has no obligation to the inventor to maximize the value of the shares on behalf of an inventor.

6. Forms & Tools

- 6.1. None.

7. Frequently Asked Questions

- 7.1. None.

8. Related Information

- 8.1. Policy on accepting equity when licensing university technology:
<https://advantage.oregonstate.edu/sites/advantage.oregonstate.edu/files/osuequity.pdf>.

9. History

- 9.1. Adopted: University Policy 06-290 Equity Interest Liquidation was approved by the Provost and Executive Vice President on August 19, 2022 and adopted as policy on an interim basis through August 19, 2023.
- 9.2. Next scheduled review: August 19, 2023.

10. Website

- 10.1. <https://policy.oregonstate.edu/policy/equity-interest-liquidation>.

11. Contacts

Department	Phone Number	Website
Research Office	541-737-3467	https://research.oregonstate.edu/