rollups

Roll Up Vehicles® FAQ for Founders

Overview

Cleaner cap tables and less work for founders & investors

Q: What is a Roll Up Vehicle™ ?

A: Roll Up Vehicles are special-purpose vehicles that make an investment into a company. RUVs allow founders to efficiently allow investors into a financing round without incurring expensive legal fees or making the company's cap table more complicated.

Instead of directly investing in the company, your investors would subscribe to a special purpose vehicle which will then invest in the company on the terms listed on the RUV investment page.

Q: How is this different from investing directly?

A: RUVs make the process of investing in companies easier to manage for everyone. Instead of directly being on the company's cap table, investors become limited partners of a special-purpose vehicle, managed by Rollups and powered by AngelList's infrastructure, that will be on the company's cap table. This relieves investors of the requirement to interface with the company's legal team for shareholder consents, conversions, and ongoing questions. Instead, investors get a single dashboard on AngelList that provides the details of their investment.

Q: Is the RUV private?

A: Yes. Only people you invite with invite links will be able to see the RUV and invest. The deal is not published anywhere nor is it publicly accessible. Investors in the RUV will not be able to see who else invested and how much was raised through the RUV.

Q: How many investors can be in an RUV?

A: RUVs that raise under $12M can have up to 249 individual entities. RUVs that raise over $12M have different limits based on the accreditation status of the individual investors. In order to close the RUV, we need to raise at least $40k from at least two investors.

Q: Do the investors in the RUV need to be accredited?

A: Yes. All investors must meet US accreditation standards. For private Roll Up Vehicles, AngelList will collect a self-attestation of accreditation status during the closing process.

Q: Do I get to see who opened the invite?

A: Yes, you will be able to track the status of the investors in the RUV from your Dashboard.

Q: Can Investors see who else invested in the RUV?

A: No, investors will not be able to see who else invested or how much was raised. This information will be available to you in your Dashboard.

Q: What if I want a dedicated account manager?

A: Yes, we offer dedicated account manager for you and your investors. Feel free to reach out to us for more details.

GETTING STARTED WITH AN RUV

https://ruv.new

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Deal Requirements

Q: Can I enforce minimum or maximum investment amounts on a per-investor basis?

A: Yes, you can create custom invite links in your dashboard that will establish a minimum (and a maximum) for the link.

You can also allow the RUV to be oversubscribed and have us prorate investors down to fit within the allocation before we close the RUV and wire out the funds.

Q: Can I generally solicit investors into the RUV?

A: Since most Roll Up Vehicles rely on the 506(b) exemption, you cannot generally solicit investors to commit to your RUV. This means that you can't tweet out the link to invest in the RUV for example. These are the same rules that you are likely already following for your fundraise. If you do engage in general solicitation, that may impact the legal work involved with closing the RUV and the rest of your round by requiring you to follow the rules of a 506(c) fundraise.

Q: What is the minimum amount to raise in a Roll-Up Vehicle?

A: The minimum amount that the RUV should raise is $40k. To close with less capital, please contact us ahead of time.

Q: What are the different types of instruments that Roll-Up Vehicles can support?

A: Roll Up Vehicles can support venture capital investments like SAFEs, convertible notes, or equity rounds. RUVs cannot be used for non-venture qualifying investments (eg: secondaries). Depending on the terms, we can occasionally support token warrants for additional cost. If you're unsure, you can email team@rollups.com and we can help you figure out if your investment instrument is venture-qualifying.

Q: Where do I upload the Investment Documents for investors?

A: You do not need to upload the investment documents. Investors in the RUV are not signing the investment docs when they commit to the RUV. Instead, they are electronically signing documents that subscribe them to a special purpose vehicle ("SPV") when you send them the RUV link. If you would like to send the investment documents to investors, you are free to do so.

Q: Does Rollups need to review the Investment Documents ahead of time?

A: Generally not. We will require a review of any non-standard documents (such as token-warrants) and need to review the documents before signing to verify the terms match what you represented to investors.

Q: When do I share the Investment Documents?

A: When you are ready to close the RUV you can provide us with the investment documents and the wire instructions within your dashboard. The underlying investors in the RUV do not need to sign the investment documents. We will return one set of signed investment documents.

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Running your RUV

Q: What does the closing flow look like for investors?

A: You can view a demo video of what investors see here.

Q: Can I change the terms of the Deal?

A: You can edit the RUV at any time from your RUV Dashboard. In some cases, the change may not be material, in other cases, it might require that we send a notice to investors.

Examples of changes that require notice to LPs and potentially opt-out:

- Instrument changes
- Valuation changes
- Discount changes
- Lead investor changes
- Loss of pro-rata rights

Q: Do founders serve as the General Partner of the RUV?

A: No, the RUV structure does not need a person (either the founder or another individual) to act as a GP or "Fund Lead". This is an intentional feature of the Roll Up Vehicle to avoid conflict of interests.

Q: So who is the GP of the SPV?

A: For most RUVs, the GP of the fund is Fund GP, LLC, an Rollups & AngelList-approved entity, with Platform Advisor, LLC (an SEC-exempt reporting adviser) serving as the investment adviser to the RUV.

Q: Can the RUV proxy its voting rights to the founder?

A: Yes. We can share our standard proxy and power of attorney agreement. If the RUV is proxying its voting rights, we add a disclaimer to the deal page so that investors in the RUV are aware of the proxy.

Q: How does the Voting Proxy work?

A: The proxy gives you the right to vote on behalf of the entire RUV for non-material matters.

Q: What would be considered a Material Matter?

A: Material matters can generally be separated into two categories:

1- Anything impacting the rights privileges and responsibilities of the stockholders. Ex: If the preferred stock that investors acquire comes with certain rights and there is an instance where they could potentially lose these rights.

2- Any changes to the company. An example would be an IPO, merger, or a major corporate restructuring (the company splitting off or rolling into another entity).

Q: What if I don't want anyone to have the proxy?

A: If you would prefer to proceed without a proxy, we can opt not to sign one.

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Q: Who controls the voting if there isn't a proxy or if the proxy does not apply?

A: The RUV's investment adviser (Platform Advisor, LLC) will make independent decisions for the RUV, in the absence of a voting proxy. These decisions typically involve determining how the RUV will vote on "Post-Close Actions" such as corporate actions, follow-ons, dissolutions, and exits. The usual way Platform Advisor, LLC makes decisions is to review the decisions made by other similarly situated shareholders and then make a decision based on the circumstances of the post-close action.

*RUVs are often not a large shareholder/voting block.

Q: When should I set the closing date for investor commitments?

A: We recommend setting your closing deadline three business days before capital needs to be wired to the company. This will ensure all investor commitments have been wired to us and are ready to be deployed to the company.

Q: What do I need to do to close the RUV and wire funds?

A: When you are ready to close the RUV, you can complete the closing checklist as noted in your RUV dashboard or you can send your investment documents and wire instructions to team@rollups.com.

Q: How long does it take to close?

A: Once we have all of the funds, we can close, sign investment documents, and wire funds quickly within 2 business days.

Q: When will investors get a copy of the executed fund documents?

A: Rollups will not share the investment documents with investors in the RUV as they are not direct investors and do not execute those documents. The company is free to share the documents with the investors directly.

Q: How will investors get their tax information?

A: AngelList manages taxes for the RUV and distributes tax forms (K-1s) if necessary to investors through the investor dashboard and email notifications. These forms are typically available in the first quarter of the year.

Q: Does QSBS still flow through the RUV?

A: Generally, yes, the benefits of QSBS flow through when investing in an RUV* since RUVs are Delaware Limited Partnerships which are pass-through entities.

* Not tax advice. Consult your tax advisor.

Q: My company is not incorporated in the US or Canada, can we still use Roll Up Vehicles?

A: We can support most private venture-backed companies incorporated in the US, Canada, Cayman Islands, UK, or Singapore. Companies in other countries may be supported on a case by case basis.

If your RUV is investing in a company that is incorporated outside the US, residents and citizens of that country cannot invest in your RUV. Additionally, all investors must pass their local and US KYC & Accreditation requirements.

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Costs & Pricing

Q: What do the RUV costs cover?

A: Standard RUV for companies in the US starts at $8k for the lifetime of the vehicle. Any state Blue Sky filing costs are passed through as well (typically under $1k). All RUVs include entity formation, LP accreditation and management, K-1 tax filing, accounting, compliance, distribution, and all other back-office services for your RUV.

Q: What if I have more questions?

A: We're happy to chat with you directly. Reach out to team@rollups.com.

"During our fundraise, we had many early customers and value-add investors that wanted to participate in our round. But managing dozens of individual investors would have substantially increased operational overhead for us. Rollups took care of all the paperwork and was incredibly communicative throughout the process. Our investors were able to sign and wire right on the platform and our legal counsel is a lot happier too!

Shrav Mehta
Co-founder, SecureFrame

Trusted by

stability.ai	Cal.com	GAN.ai	THINKING MACHINES
Culina Health	Reforge	Terra.do	privy
Notion	Goodhood	secureframe	replit

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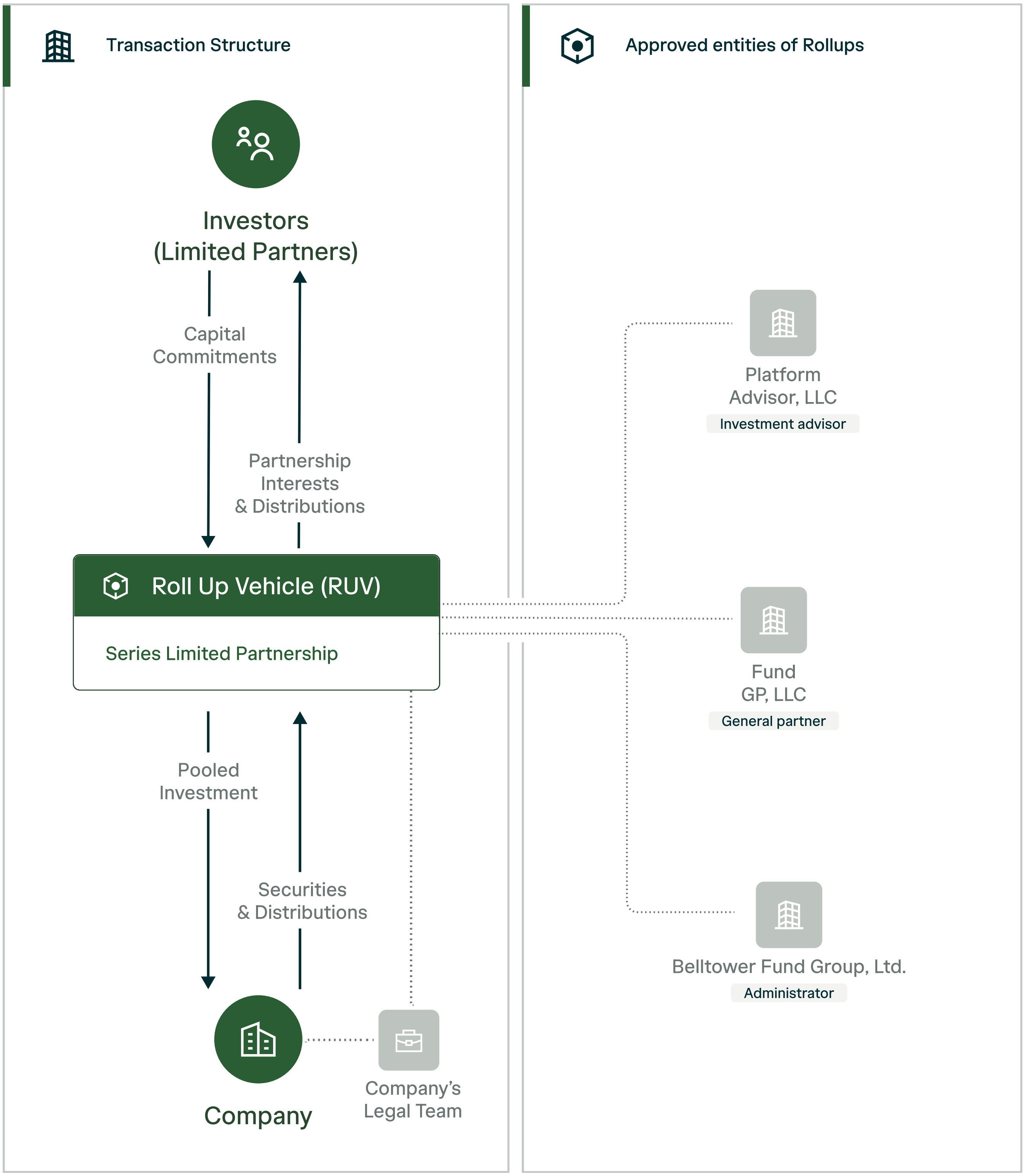
RUV Legal Structure



ROLLUPS RUV

Why Use Roll Up Vehicles

ROLLUPS.COM/RUV • BETTER FOR THE COMPANY • EASIER FOR INVESTORS

Lucy Guo @lucy_guo

When you take angel checks during your seed round, just keep in mind that the legal costs might be more than the actual check itself.

TLDR: Don't take small checks outside of a RUV.

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Even if it's not a cost issue, chasing signatures down is not fun. RUVs will save you the headache.

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Cost Comparison

This model calculates the lifetime cost difference between a Roll Up Vehicle and direct investments. You can edit key assumptions & variables below

Number of investors	Legal hourly rate	Years before exit	Additional rounds
40	$650	8	4

Advanced Settings
Adjust the parameters for this calculation

Select Scenario: Seed Round (SAFE/Notes) Calculate Reset

	Direct Invest	RUV	Savings
Total Costs Seed Round (SAFE/Notes)	$80,120	$10,003	$70,117
Initial Closing Docs / Wire / Signature Reconciliation	$13,000	$325	$12,675
Lifetime Cap Table Costs	$30,720	$768	$29,952
Additional legal & admin costs for increased cap table complexity	$10,400	$260	$10,140
Costs of obtaining shareholder consents	$20,800	$520	$20,280
Instrument Conversion Costs	$5,200	$130	$5,070

Dan Romero @dwr · Nov 5, 2021

Angel investing via AngelList RUVs is a 10x improvement on the typical process.

10 16 218

Dan Romero @dwr

No more:
- emailed .zip / PDF / Preview / Docusign
- sending a signature block
- sending a wire
- accepting a separate stock certificate
- emails from law firms looking for signatures later

CALCULATE YOUR COST SAVINGS

https://angellist.com/ruv-calcuator

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